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**STUDIES IN THE IMPORTANCE OF ACCOUNTING IN NEW ZEALAND:
A FOUCAULDIAN PERSPECTIVE**

**A thesis submitted in partial fulfilment of the requirements for the
Degree of Doctor of Philosophy at the
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by
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ABSTRACT

The aim of this thesis is to illustrate from three constructed cases why and how some knowledges that have been marginal (like accounting before the nineteenth century) become powerful (Hoskin and Macve, 1991, p. 10). In other words, to explain from a New Zealand context why and how the practice and profession of accounting grew to be so influential and important in relation to its comparatively humble 18th century bookkeeping and clerical origins. It is argued that the practice of accounting became more important in the nineteenth century because such practice facilitated the exercise of power and discipline in the context of a growing, European dominated society. According to Foucault (1977) the new human disciplines (e.g. medicine, law accounting, etc.) which appeared in the eighteenth and nineteenth centuries were not the product of emergent economic needs but rather the product of new disciplinary powers. Moreover, the importance of such new disciplines, Foucault (1977) claimed, should not be traced in a linear fashion relating, for example, legislation and institutional development, but from a postmodern perspective stressing diffuse and contingent origins. In other words, no single source of origin can fully explain such phenomena. The three studies examined in this thesis are not meant to be representative or necessarily typical of contemporary practice, rather they serve to illustrate the diffuse and separate sources of accounting's power origins within a New Zealand.

From the 1860s, three events took place which were to change the social and commercial structure of the new colony: the passing of the first New Zealand Companies Act 1860, the Native Lands Settlement Act 1865 (which

individualised Maori land titles and permitted direct European purchase), and large scale European immigration into New Zealand. The colony during this period changed from a Maori dominated economy based on tribal ownership of land to a European capitalist economy based on individual land ownership. With limited manufacturing capacity and few mineral resources, land was the basis of wealth and economic power in New Zealand. The period from 1870 to 1930 was crucial because it was during those years that most land in New Zealand was transferred from Maori to European ownership. The common theme shared by the three separate cases depicted in this thesis is that to a greater or lesser extent they are about conflict over land - its acquisition and the power and wealth its ownership conveys.

The overall aim is to provide a critical history of accounting in New Zealand in Foucauldian terms, and to provide an explanation of the present by tracing its genealogy. To achieve this end some consideration of New Zealand's history is necessary and, in particular, the importance of the Treaty of Waitangi to New Zealand society. The cases are suited to a Foucauldian interpretation because they represent local, discontinuous histories concerning struggle and insurrection, elements which Foucault considered to be vital for genealogical research.

The first case study (of three) examined in this thesis demonstrates how land was transferred to individual European ownership and the part played by an accountant and other professionals in executing land transactions. It also illustrates the close conceptual links of accounting practice with European

values such as capital accumulation and shows how an accountant was able to use his knowledge to advance his employer/client's interests. Thus the former explains the character of the discursive practices of accounting, while the latter illustrates how accounting practice served the ends of the ascendant power structure.

The second case study continues to develop these themes by exploring the history of company formation in colonial New Zealand. The emphasis is on conflict between directors and shareholders and in particular the struggle for control of a land company. The study depicts the way in which the privileged use of accounting knowledge may serve the particular interests of a powerful business elite.

The final study depicts the activities of a practising public accountant acting for an overseas client. Once again two themes are apparent: accounting as an instrument of European capital accumulation, and accounting as a modern power discipline. The latter theme explaining how power may be exercised.

Research for these studies was conducted in various national archives containing collections of private papers. Use was also made of past newspaper accounts of company meetings and contemporary commentaries on business affairs. Secondary sources were used extensively in the first four chapters to furnish background material relevant to the themes and arguments developed.

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The research content for this thesis was gathered over a period of three years and much of that time was often wasted in researching archives which on closer inspection proved to contain no useful material. Even these fruitless quests, however, are valuable because such experiences taught me to refine my approach and I gradually learned more about where and how to look for suitable source material.

New Zealand's main research libraries are generally well managed and some acknowledgement is due to the New Zealand library service and the staff who fetch and carry for those wishing to explore the archives in their care.

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CHAPTER 1

INTRODUCTION

Broad Objectives

The central problem is: "Why is accounting now so powerful?" Hoskin and Macve (1991, p. 10) raised this question and went on to comment on the importance of accounting today in business and government. They noted a total transformation in the power of accounting over the past 150 years from its traditional humble status as bookkeeping to playing a central and still-growing role in both business and government. Accounting has expanded into many specialisations and, perhaps most significantly, transformed its practitioners in the Anglo cultures at least, into members of one of the most highly paid and influential professions (Hoskin and Macve, 1991, p. 10).

This thesis is concerned with offering some insights into the growth in importance of accounting in New Zealand during the period 1870-1935. The question examined is whether accounting became important in New Zealand because, like other professional 'disciplines'¹, accounting discourse and practice could be employed as a mechanism by which property could be alienated and individuals disciplined. Three historical case studies are discussed to consider the proposition that accounting practices may have

¹ The term 'disciplines' is used throughout this thesis in the Foucauldian sense to refer to those vocational sciences which developed a specialised discourse in the eighteenth and nineteenth centuries and established a monopoly of legitimated knowledge in their particular fields, e.g. medical, military, legal, etc.

served to advance European values such as capital accumulation and whether, as a consequence, accounting grew in importance. The analysis of the empirical data is undertaken from a critical perspective by reference to the works of French social theorist, Michel Foucault.

The Problem

Hoskin and Macve (1991, p. 10) remarked on the transformation of accounting over the last 150 years from its humble bookkeeping origins. They considered that such a transformation required an explanation other than that of being seen in terms of a rational evolution from economic or legislative necessity. Such an explanation is permeated by the language of progress, where accounting simply evolves and develops from non-problematic roots (p. 10). From a more general historical perspective, Hoskin and Macve (1991, p. 11) asked the linked question of how accounting has got here.

Hoskin and Macve (1991, p. 11) pointed out that Foucault's way of seeing has enabled researchers (e.g. Burchell et al, 1985; Loft, 1986; Hopwood, 1987; Miller and O'Leary, 1987) to formulate intriguing new kinds of answers as to how accounting has emerged so rapidly through the 19th and 20th centuries. These researchers have indicated the many different ways accounting thrives in and contributes to the emerging dominance of a regime of calculability. This kind of work, Hoskin and Macve (1991, p. 11) suggested, has a certain value.

One of Foucault's (1980, p. 50) central concerns is, as he remarked: "How do things happen?" It is argued that examining the question of the growth in accounting from a Foucauldian position permits researchers to trace their answers from a range of diverse origins or starting points. Each answer may contribute to a better understanding of the role of accounting in society and to the circumstances that promote change in accounting discourse and practice. Moreover, Foucauldian theory is used more to understand and explain the specific studies rather than to produce generalisations.² The particular focus of this attempt to explain why accounting has become so powerful, begins in 1870. Data situated within a New Zealand context is examined.

However, to interpret the data from a Foucauldian perspective it is appropriate first to refer back to the changes in European society in the eighteenth century when the process of capital accumulation coincided with processes involving the 'accumulation of men'³ because similar changes took place in New Zealand society from 1870. Furthermore, it may be argued, the new human disciplines which were concerned with the 'accumulation of men' conflicted with the Treaty of Waitangi (the Treaty), a treaty which had been signed thirty years earlier in

² The dilemma posed by Foucauldian theory is that some generalisation is inevitable and perhaps, for many, even desirable. For example, Foucault's own studies on the birth of the prison as described in Discipline and Punish, (1977) produced many generalisations.

³ The term 'accumulation of men' is an expression often used by Foucault and refers to the process in modern society whereby individuals are administered and controlled to meet the needs of industry (see Foucault, 1977, pp. 220-221, for further explanation). Also please note that as far as possible this thesis is gender neutral but direct quotes are cited as written.

1840 when New Zealand was almost exclusively populated by Maori. The Treaty (see Appendices 1 and 2) guaranteed Maori customs and property rights in exchange for British sovereignty. The Treaty also signified a partnership between races and called for protection of Maori interests by the Crown based on the premise that each party would act reasonably and with the utmost faith. Between 1840 and 1870 many Europeans immigrants arrived in New Zealand and for twenty years, two entirely different social systems co-existed. After the land wars of the 1860s, Maori were forced either to participate in European society or retreat to the more isolated regions of New Zealand.

From 1870, with Maori physical resistance broken, a renewed wave of European immigration began and European values were increasingly ascendant over Maori values. Moreover, it is argued that around this time the new human disciplines such as accounting became mechanisms of power/knowledge which served European interests. Many of the fundamental concepts of accounting (capital accumulation, profit, etc.) may be seen both as facilitating the processes of capital accumulation and 'the accumulation of men', two processes which, according to Foucault (1977, p. 220), 'cannot be separated'. In this respect Miller, Hopper, and Laughlin (1991, p. 398) observed: "If accounting is a tool open to manipulation by certain groups, then it has considerable potential for contributing to redistributions of income, wealth and power." Whether accounting discourse and practice was used as a tool to redistribute income, wealth and power is a secondary concern of this thesis and, as such is expressed in the following questions:

- Did accounting discourse and practice serve individual European land owning interests at the expense of Maori communities?
- Did past accounting discourse and practice help to erode guaranteed Treaty rights by subverting sovereign juridical law ?

Prior Accounting History Research

In an article which referred to a Committee that never reported, Hopwood (1985, p. 365), wrote of the tendency for technical histories of accounting to be written in isolation from their social, economic, and institutional contexts. In a draft report, the Committee stated that accounting properly understood is fundamentally a social and political activity and that research will only be fully effective if this is understood and acted upon (p.365). Hopwood (1985) went on to quote the draft report:

Many members of the committee were concerned about the partial, uncritical, atheoretical and intellectually isolated nature of much historical work in the accounting area. It was the view of the committee that much could be done to improve the understanding of the socio-political history of accounting. Indeed, it was thought this should be considered a priority area for further research not only because of its own intrinsic interest but also because of the role which such appreciations might play in casting light on what might be at stake in current pressures of accounting to change (p.366).

This thesis attempts to satisfy some of the above concerns by:

- being concerned with the broader processes and consequences of accounting change;

- grounding the accounting history researched into a critical theoretical base; and
- incorporating the historical enquiry into patterns of intellectual development familiar to other socio-economic studies.

Hopwood (1981, p. 295) also suggested that one form of research might concern the achievement of calculative order and its impact on the structure of society, the power of the state and, "the roles which accounting might play in the establishment of relationships of power and control." In a similar vein, Miller, Hopper, and Laughlin (1991, p. 400) in their paper 'The New Accounting History' referred to: "The notion of economic calculation, together with the ways in which it helps to construct and support particular relations of power and influence." The cases developed for this thesis are interpreted from a critical perspective along the lines suggested by the above writers to illustrate 'particular relations of power and influence'.

Glautier (1983) identified the concentration of political power as the concept crucial to the explanation of past and future changes in the direction of accounting thought. A major concern of this thesis is to evaluate what part, if any, was played by accountants and accounting information as instruments of an established European elite involved in the alienation of Maori land and shareholder investments. Glautier (1983) recommended a problematic approach because the result would be to compile a critical history of

accountancy as an interested, influential activity rather than a neutral and technical process.

The problematical approach to accountancy has also been articulated by such writers as Burchell, Clubb, Hopwood, Hughes, and Nahapiet (1980), Hopwood (1983), Cooper and Sherer (1984), and Chua (1986). Critical histories have been constructed from various theoretical perspectives: centralisation of political power (Glautier, 1983); political-economic motivations (Neimark and Tinker, 1986); Foucauldian analysis (Loft, 1986; Hoskin and Macve, 1986; and Mackintosh and Hopper, 1991). Although these writers view accountancy development from several perspectives, all emphasise the relationship between accounting and its organisational, social and political content. Such perspectives force us to realise that accounting plays a part in shaping (and is shaped by) the socio-economic environment rather than reflecting reality in a technical and objectively descriptive way.

Historical Method

Any subject of historical research must be approached by employing research methods considered appropriate to the knowledge being sought and the issues being investigated. That is, the problem should determine the method (Previts, Parker & Coffman, 1990b, p. 144). Foucault's genealogical approach is adopted, although the use of the approach is made difficult by the fact that Foucault (1980, p. 83) provided only broad outlines of his approach and avoided specific detail. Burrell (1991, p. 35) criticised those who require to

know what the essential Foucault thought and wrote when his, Foucault's, approach was not to follow any approach through in any consistent way.

Historical data are identified, collected and examined for their relevance. Such data are employed in an interpretational project to support an argument, and facilitate a qualitative evaluation of the historical content of the case studies constructed. According to Potter (1973, p. 5) the validity of an interpretation depends not only on the available resources but also upon the manner in which the historian challenges and marshals the evidence presented.

Three basic questions are posed in following this procedure.

- What happened?
- How did it happen?
- Why did it happen?

Data Gathering

The case studies are based on primary and secondary material obtained from the following sources:

- 1) on line database searches of dissertation abstracts, the Accountants' Index Supplement, and the New Zealand Bibliographic Network;
- 2) a manual search of indexes of theses accepted for higher degrees by Universities in New Zealand; and
- 3) original source material such as business correspondence, old farm and estate accounts, wage books, parliamentary debates, journals,

newspapers, government and private papers.

Limitations and Assumptions

The thesis is concerned with interpreting from a Foucauldian critical perspective three historical case studies which depict isolated episodes in New Zealand history. It is acknowledged that the philosophical perspective adopted is ultimately a value judgement, and as such has no greater claim to final authority than any other philosophical perspective. The case studies constructed are, therefore, most appropriate for critical analysis in a way that other case studies developed to reflect more technical problems would not be. Moreover, it must be emphasised that it is not claimed that these cases are typical of all accounting discourses and practices in colonial New Zealand. Indeed, any attempt to present a typical study of 19th century colonial accounting practice would be contrary to the principles of genealogical history which emphasises a focus on the discontinuous, buried and marginalised events involving struggle and alienation (Foucault, 1980, p. 83). The intent in the Foucauldian perspective is that the studies adopted should confront, disturb and fragment other modernist histories depicting evolution and progress. In other words, these cases are meant to serve both as platforms from which postmodernist criticisms of modernist narratives may be directed and as illustrating the diffuse sources of accounting's power origins within New Zealand.

The empirical data presented in this thesis is a small but representative selection of the data collected and analysed. It has not been possible to gather all the information applicable to these studies as much appears to have been lost to researchers. Further evidence could well come to light. Moreover, the research undertaken will not make use of quantitative methods to support the arguments derived from the historical and literary evidence offered.

Conclusion

The chief source of wealth in New Zealand was, and is, derived from land. Ownership of land, therefore, confers wealth, status and power. The three case studies presented are concerned with examining the mechanisms used to transfer land from Maori communities to individual European owners, and the part played by the new human disciplines, such as accounting, in this process. Foucauldian theory is used to interpret the data by identifying the mechanisms of power, explaining how they functioned and answering the question (from a Foucauldian perspective) how accounting has got here. The overall aim is to develop from three specific cases explanations which offer some insight into the central problem of why accounting is now so powerful in New Zealand.

The next chapter outlines a general historical background relevant to the case studies examined.

CHAPTER 2

A HISTORICAL BACKGROUND: THE TREATY OF WAITANGI AND THE DECLINE IN MAORI LAND OWNERSHIP

Introduction

The aim of this chapter is to outline an historical background to the case studies examined in this thesis. Because the focus of this chapter is to support an understanding of the case studies, limitations in the depth and breadth of this historical background are acknowledged. Moreover, most of the data used are drawn from secondary sources as referenced.

The chapter is concerned with three interconnected themes: the Treaty of Waitangi (Treaty) and the legal-political expectations it engendered; the sale of land; and the social attitudes of the settlers. The overall implication of these themes is that the growing domination of European interests was supported by disciplinary 'laws' or norms, as well as by changes in sovereign law.

The colonists believed that their parliament had every right to pass laws relating to Maori land as Maori had ceded sovereignty when they signed the Treaty. Furthermore, the colonists aimed at racial amalgamation, and often referred to the need to spread the benefits of civilisation, benefits which were grounded in European ideology (NZPD, 1864-6, p.349). Indeed, arguments based on 'amalgamation' and 'civilisation' provided a rationale for the desirability of

European ownership of Maori land. Thus Maori land ownership systems based on tribal or communal rights was seen as the obstacle to progress (NZPD, 1870, p. 361).

On the other hand, the objectives of free competition and individual enterprise dominated the thinking in the colonial parliament. Maori tribal systems had no place in the colonial economy and Maori had no real input into the decision-making process. Amalgamation meant that Maori had to adapt to settler society, a society in which they had no real place except at a menial level.

Throughout this period (1840-1930), Maori believed in their rights established under the Treaty but failed to find any means of reinforcing those rights. Maori lacked parliamentary and legal support and, as a consequence, much of their land was transferred into the hands of the settlers. By 1930 Maori retained only 6% of New Zealand land (source New Zealand Year Book, 1930).

This chapter begins with a consideration of Maori systems of land tenure and relationships with Europeans which had evolved before 1840 (the date of annexation by the British Crown, an event which was concluded by the signing of the Treaty).

Maori Customs and Attitudes Pre-1840

Land transactions had been conducted in New Zealand since the arrival of the first missionaries in the 1820s. The form varied, but generally a document was drawn up in English and the boundaries were pointed out and walked over. After some bargaining there would be a public ceremony during which the chiefs would make their sign or signature on a deed. At the same time, payment was made by the purchaser, and distributed among the people. The nature of the payment varied. In 1839, Captain William Wakefield offered muskets for Port Nicholson (Wellington) and such weapons represented a sought-after foreign import. Missionaries purchased land for blankets, clothing, ironware and cattle. Occasionally, sales of land were concluded for rum, rice and tobacco.

However, even at this time when few Europeans resided in New Zealand and the amount of land sold was but a small fraction of the land available, both sides to these land transactions often failed to appreciate the significance of the sale for the other party (Parsonson, 1981, p. 146). For Maori, the ceremony of payment was vital because it provided external recognition of their claims to the land involved; a claim that was chiefly based on the resources of the land (its eel weirs, fishing streams, etc.) which had been used by their ancestors. Each generation kept an oral record of these resources and the ancestors that had used them. Problems frequently arose when another 'hapu' (sub-tribe) claimed a share of these resources through a common ancestry.

The ceremony of payment, therefore, announced to other chiefs that the vendor's claim had been the one recognised by the purchaser; it was a ceremony calculated to affront rival claimants. In particular, large blocks of land often contained scattered interests which were shared by different hapu, and had long been the source of friction and feuding. A sale served a dual purpose: to gain payment and to serve as external endorsement of the vendor's ownership. For although the sellers respected the right of missionaries and others to build and fence the land, they did not regard the land as lost to them: by installing Pakeha they had simply put the land to another use (Parsonson, 1981, p. 148). The deed was not important, only the payment mattered. This failure to regard as real their loss of ownership and the alienation of other Maori involved with the land sold, led to future problems when settlers arrived to occupy their holdings.

In 1839, Te Rauparaha signed away large areas of land in exchange for William Wakefield's goods. Te Rauparaha and his chiefs could not appreciate how Wakefield could use so much land, or how he could assert his control over it. Wakefield posed no physical threat and his deed was therefore of no importance.¹

The other feature of this pre 1840 period was the reported attitude of Maori to the Europeans. Settlers were regarded as useful additions to the local

¹ It was not until after 1840 when boatloads of settlers arrived that Maori realised the significance of the deed and that ownership could be established without usage.

community. Parsonson (1981, p. 149) noted: "Chiefs everywhere sought access to the skills and goods the Pakeha brought with them, the markets they offered, the employment they provided." At this time, the price of the land was of secondary importance to the benefit of having in their tribe a small Pakeha community, which Maori could supply with food and timber. The Lyttleton Times of 4 November, 1857 reported that some chiefs of Hawkes Bay (Ngati Kahungunu) recalled the advice that their old men had given them a few years previously:

Should the Pakeha wish to purchase land here (they had said) encourage him; no matter how small the amount he may offer, take it without hesitation. It is the Pakeha we want here. The Pakeha will be ample payment for our land, because we can expect to become prosperous through him.

The mistake of the 'old men' was to underestimate the number of the Pakeha that were to come and the eventual self sufficiency of 'their' Pakeha communities. Such mistakes were understandable given the relative scarcity of Pakeha, at the time, and Maori inability to conceive of people, in terms of millions and surplus populations. In any case, prior to 1840 there existed a buyer's market: there was much more land than there were settlers.

The Treaty of Waitangi: Introduction

The initial purpose of the Treaty was to provide legal justification for Britain to gain New Zealand peacefully. With the benefit of hindsight, the colonists would

have been in a stronger position legally if Britain had not adopted a treaty approach but relied on grounds of 'discovery' to justify annexation. But such a policy may have resulted in immediate armed conflict with Maori at a time when they were numerically superior and may have possibly involved other nations. In the event, the Colonial Office opted for the possibly more peaceful treaty option and so acquired New Zealand at minimum cost.

In order to persuade Maori to cede sovereignty, a guarantee was given in the second article of the Treaty confirming that the chiefs and tribes had full and undisturbed possession of their lands, estates, forests and fisheries so long as it was their wish to retain possession. The second article also confirmed that any land sales the proprietors may wish to make would be to the Crown. Moreover, the Maori version of the Treaty, which was the one understood and signed by the majority of chiefs, differed from the English version (39 chiefs signed the English versions while over 500 signed the Maori version). In support of the argument in favour of the Maori version of the Treaty, Sutton (1981, p. 29) noted that the American Supreme Court has held that ambiguous expressions in Indian treaties must be resolved in favour of the Indian parties concerned and must be interpreted as the Indians would have understood them.

The important difference between the two Treaty versions (see Appendices 1 and 2) was that in the second article of the Maori version, the word 'rangatiratanga' appears. No equivalent translation appears in the English text,

but Maori would have understood this term to have granted them complete autonomy within their lands (Carter, 1980, p. 2). Furthermore, Maori appear never to have understood what was meant by the English term 'sovereignty' or grasped its full implications. In the Maori version of the Treaty, sovereignty was translated as 'kawanatanga' which translates as governorship. Carter (1980, p. 2) argued that the word 'kawanatanga' was a word coined for the occasion and would not have been understood. Moreover Carter (1980, p. 2) maintained if 'rangatiratanga' had been used instead of 'kawanatanga' the Treaty would not have been signed. Furthermore, the meaning of sovereignty was not made clear to the chiefs in 1840, nor at the 1860 Kohimaranā conference which effectively ratified the Treaty. Thus for many years Maori were unclear as to exactly what they had ceded in the Treaty.

Given these linguistic problems and some obfuscation by the Europeans involved, it is not surprising that for several decades Maori adopted the wrong tactics in dealing with problems relating to their Treaty rights. Lack of Maori unity was a fundamental weakness in pressing their claims. However, it is made evident by the hundreds of petitions to parliament during the period 1870-90, that Maori believed the issue was simply one of a lack of good faith. On the other hand, most Europeans believed that Maori had ceded sovereignty in 1840 and that the colonial parliament had every right to pass laws which affected Maori land.

The next section is primarily concerned with discussing the sources of these

differences over the Treaty and describing the way in which Maori tried to respond to the laws which alienated their land. This brief history of how the Treaty was interpreted is important to this thesis as it helps to explain the discourse and the normalising preferences of those professional people involved in the acquisition of Maori land.

Ceding Sovereignty and the Policy of Amalgamation

The initial purpose of the Treaty was to provide legal justification for British sovereignty (Orange, 1987, p. 2) and the chief objective of Captain Hobson in 1840 was to persuade Maori to voluntarily cede sovereignty in exchange for British protection. The question arises as to what motivated the British in their desire to gain sovereignty over New Zealand.

Britain had recognised a Maori 'Declaration of Independence' in 1835 (see Appendix 3), even though the Declaration involved only a few tribes. From Britain's point of view such recognition was a mistake for, in terms of a strict legal interpretation, it upset Britain's claim to New Zealand based on the grounds of Captain James Cook's 'discovery' of New Zealand in 1769. In the nineteenth century and before, sovereignty on the grounds of discovery relieved the occupier of any treaty making obligations. Later New Zealand politicians (William Fox in the 1880s and the New Zealand government in the 1940s) would use this argument to reject the significance of the Treaty, by insisting that New Zealand had been discovered.

Britain recognised the 1835 'Declaration of Independence' at the instigation of the British Resident, James Busby. Busby wanted increased British influence and the 'Declaration of Independence' was accompanied by a petition to King William IV 'to be parent of the infant state, its protector from all attempts on its independence'(Ward, 1973, p. 14). The latter appeal for protection reflected Busby's concern that a Frenchman, Baron de Thierry, was planning to establish a 'sovereign' state within New Zealand. Orange (1987, pp. 21-22) considered that Britain's recognition of the 1835 Declaration was given without much thought for the legal consequences and that like Busby, the Colonial Office may have reasoned that far from compromising Britain's position, these moves gave her prior advantage. In other words, the establishment of the independence of a country under British protection would make that country a dependency of the British Empire in everything but name.

How much the threat of a French or other foreign claim to New Zealand influenced events is difficult to assess, as historians are divided on this matter. Wards (1968, pp. 15-17) concluded that Colonial Office idealism took second place in 1839 when it was realised that the French were showing an interest in New Zealand. On the other hand, Ward (1973, p. 33) argued that the abrupt decision in 1839 to send Captain Hobson to New Zealand with instructions to acquire sovereignty, rather than partial annexation, was a consequence of the dispatch of the New Zealand Company's emigration ships to Cook Strait. Both agree, however, that earlier humanitarian considerations were overridden by subsequent events. The Bay of Islands Observer of 7 July 1842, reflecting the

opinions of the pre-treaty settlers, commented:

For the good people at home, the affair was made to assume the appearance of one of the purest pieces of philanthropy on the part of England in favour of the natives to protect them against European aggression; but the simple truth is, disguise it as we may, that under this cloak of benevolence, has been practised the greatest hypocrisy, to obtain possession of the country honestly, if possible, but nevertheless to obtain it.

Another British motive for desiring a treaty with Maori arose from genuine humanitarian concerns, at a time when such issues were popular in London. Slavery had been recently abolished, and following this success, the abolitionist supporters had, with respect to British settlements, formed an Aborigines Protection Society as a parliamentary lobbying force. The concerns of the Aborigines Protection Society were shared by the missionaries in New Zealand, who wanted to protect the natives from uncontrolled European contact. However, even for the missionaries and their London supporters (Aborigines Protection Society) the objective was not to preserve traditional Maori society, but to destroy it, and to amalgamate Maori with the new settler community. Ward (1973, p. 160) remarked that British ethnocentrism was as evident among humanitarians as among the settlers:

'Amalgamation' - that is assimilation of the Maori people into contemporary English social patterns was most earnestly desired by the missionaries even before the settler influx gave the concept new urgency, and to the end the missionaries and humanitarians, with few exceptions, upheld it against Maori selectivity and separatism.

The Treaty was supposed to have provided the basis for this amalgamation (Orange, 1987, p .2).

In 1840, the missionaries in New Zealand and the officials in London believed that the only real sovereignty in New Zealand existed in the form of the chiefs and the people over their land and that when they sold their land, they effectively deprived themselves of sovereignty. Because the missionaries believed that the chiefs were likely to sell their land, it was considered that the only way to protect Maori was for the Crown to establish its authority and control the land trade. According to Ward (1988, p. 170), this was what the treaty was really about.

Lastly, the Colonial Office in London desired a treaty with Maori in 1840 to ensure the safety of the growing unarmed European minority among an armed Maori majority. Such a motive was especially significant to the Colonial Office once it became aware that private companies and speculators were becoming involved in New Zealand land purchases for the purpose of resale to immigrants.

Orange (1987, p. 26) argued that during 1838 there was a shift in British attitudes towards New Zealand. Busby, Hobson and the missionaries had, in various letters and reports, belittled Maori capacity to manage their affairs and the humanitarian lobby in London came to believe that Maori were in the process of selling their land to speculators on a vast scale. Thus, if Maori were

soon to be landless, their independence would be nominal. Moreover, it was concluded in London that Maori were weak and lacked the physical power to defend their rights (Ward, 1973, p. 33).

In 1839, James Stephens, the Permanent Undersecretary, accepted that colonisation was inevitable but wanted it achieved in such a way as to protect Maori and provide self-government for the settlers (Adams, 1977, p. 147). The alternative to British sovereignty - a confederation of chiefs - was now considered impracticable (Orange, 1987, p. 29).

In August 1839, Captain Hobson left England with instructions to acquire sovereignty over New Zealand. The new government was to handle all land transactions and hold any waste lands acquired. A land fund was to be set up which together with some custom duties would provide finance for the new government and even assist immigration. Orange (1987, p. 31) commented that although Hobson's instructions included the upholding of Maori rights, they did not provide for Maori incorporation into the Colony's administrative structure, or any sort of Maori government. No longer was it to be a Maori New Zealand with a place for British settlers, but a settler New Zealand in which a place had to be found for Maori. Ward (1973, p. 38) noted Maori law and customs were to be replaced by British law in line with the official amalgamation policy which was considered the only means by which the Maori race could be saved from extinction. Thus, the saving of the Maori race involved the extinction of Maori culture. Moreover, if it can be said that the amalgamation

policy did allow Maori a place within a settler New Zealand, the policy was a failure because it did not provide for any meaningful Maori participation in that society.

The Native Trust Ordinance of 1844 (Ordinances of the Legislative Council of New Zealand, 1871, Session III, No IX) proclaimed the amalgamation policy as follows:

In undertaking the colonisation of New Zealand Her Majesty's Government have recognised the duty of endeavouring by all practicable means to avert the like disasters from the native people of these islands, which object may best be obtained by assimilating as speedily as possible the habits and usages of the Native to those of the European.

Ward (1973, p. 39) considered that the main flaw in this policy and in the Treaty was the European attitude of racial and cultural superiority and settler prejudice which denied any real Maori participation in society except at a menial level. This process of denying Maori any real participation in society is an important observation, and is reflected in the case studies examined in this thesis.

Signing the Treaty: Maori Reliance on 'Good Faith'

When he arrived in New Zealand in January, 1840 Hobson had three primary tasks:

- to secure Britain's sovereignty by treaty or other peaceful means;
- to confirm certain rights for Maori, and their status as British subjects;

- to secure Maori agreement to the peaceful colonisation of New Zealand.

Hobson's immediate action on arrival was to proclaim that title to New Zealand land would only be valid if confirmed by the Crown, that commissioners would investigate lands purchased and that further purchases would be illegal. Apart from certain broad instructions, Hobson was left by Lord Normanby at the British Colonial Office to draw up the detailed wording of a treaty with assistance from Busby and some missionaries. His broad instructions from Lord Normanby, the Colonial Secretary, were to obtain a cession of sovereignty, the Crown's control over land sales, and legal authority over Maori and European.

The Treaty comprised three main articles:

- that the separate and independent chiefs of the Confederation of the United Tribes cede sovereignty;
- that the Queen confirms and guarantees to the Chiefs and tribes the exclusive and undisturbed possession of their lands, estates, forests, fisheries, and other properties which they may collectively or individually possess so long as it is their wish to retain possession; but that the chiefs yield to the Queen the exclusive right of pre-emption over any waste lands they wish to alienate at such prices as may be agreed upon;
- that the Queen extends her protection to Maori and grants them the rights and privileges of British subjects.

The guarantee in the second article was put in by Busby as he suspected that

without such a guarantee the Treaty would be rejected (Orange, 1987, p. 38). It is noteworthy that the New South Wales Governor, George Gipps, tried to persuade some visiting South Island Maori in the same month to sign a treaty which was rejected because it lacked any such guarantee. Thus the insertion of the 'guarantee' into the treaty was from expediency not from any humanitarian consideration. Apart from the warship and its crew, Governor Hobson lacked any troops at his command and could not have contested Maori for physical possession. Orange (1987, p. 38) commented that in later years the settlers would dismiss the importance of the guarantee and attack its insertion into the Treaty as an over-generous reaction.

At the signing ceremony, the missionary, Henry Williams, read to the assembled chiefs his Maori translation of the Treaty. His translation of 'sovereignty' was suspect as his chosen equivalent 'kawanatanga' was not likely to convey the meaning of a sophisticated concept involving the right to exercise jurisdiction at an international level as well as within national boundaries (Orange, 1987, p. 40). It was probable that a few of the chiefs had some understanding of this issue but from the vague explanations given by Henry Williams, not many of them would have grasped the full implications (Colenso, 1971, p. 17).

One chief, who opposed the Treaty, did exhibit some grasp of the issues involved: Rewa, chief of the Ngaitawake Tribe, maintained that Maori people did not need a governor and that although some land is gone, he claimed: "This

country is ours, ... we are the Governor - we, the chiefs of this our father's land." Rewa went on to add that if the governor were accepted, New Zealand would suffer the fate of other areas taken by the British - a reference to New South Wales (Colenso, 1971, p. 18).

Other Maori speakers questioned the sincerity of Busby and missionaries such as Henry Williams who had acquired much of their land. This seemingly embarrassing moment in the discussion was made worse when some of the European traders present accused Henry Williams of not translating the Treaty properly in order to protect himself (Colenso, 1971, p. 20). Whatever the motives of the chiefs for challenging the missionaries in the discussion, they certainly highlighted the European eagerness for land.

However, the benefits brought by the missionaries and the latter's influence among the chiefs prevailed and the majority (26 out of 46 head chiefs) signed the Treaty. Four years later one chief, Wiremu Neira Te Awamatu recalled that it was on missionary advice that they had signed. They had been advised that Britain was benevolent, and that other nations would force Maori to give possession (Fitzroy to Stanley, 25 May, 1844, GBPP, 1845 (247), pp. 13-14).

Nevertheless, the signatories represented mainly Northland chiefs and the greater part of New Zealand was not represented. It is noteworthy that unlike the English missionaries the French Catholic missionary, Bishop Pompallier, did not promote the Treaty among his Maori following (Pompallier, 1888, p. 62).

Orange (1987, p. 58) concluded that for the chiefs, the Waitangi decision required a remarkable degree of trust; a trust encouraged by the advice of the English missionaries that Maori interest would be best served by agreeing to the Treaty. Orange (1987, p. 59) maintained that the missionaries tended to emphasise the 'good faith' of the Crown, as they believed the majority of Maori could not have possibly realised the full implications of what they were doing.

This emphasis on the 'good faith' of the Crown, Orange (1987, p. 59) believed became accepted among Maori as the 'spirit' of the Treaty which morally bound the Crown to uphold the several guarantees given. Later, when problems arose, it was this appeal to the 'spirit' (or good faith) of the Treaty which kept Maori expectations alive, and resulted in the many petitions directed to the Queen in London.

After the initial signing of the Treaty, Hobson set out to gather further signatures, though he cautiously maintained that they merely ratified and confirmed the existing Treaty. In May 1840, he issued a proclamation asserting sovereignty over the North Island on the grounds of cession by treaty, and by June in the same year, the South Island was also proclaimed ceded. These proclamations were for the benefit of international interests, as in May 1840 some French settlers had arrived in the South Island to establish a colony. In October 1840, the proclamations were published in the London Gazette and British sovereignty was thereby confirmed. According to Buick, (1976, p. 256) the acquisition of New Zealand had cost the government 3,635 pounds for

expenses and 562 pounds for gifts to those chiefs who signed the Treaty.

The voluntary cession of complete sovereignty was important to the British government, as both the French and the United States had economic interests in New Zealand and would have resented a British takeover of an independent country. The Treaty solved this diplomatic problem for it presented to the world the unique spectacle of an independent country voluntarily yielding its sovereignty.

Sovereignty and the Crown's Right of Pre-emptive Purchase

Once the Treaty was signed and British sovereignty established, there still remained the problem of asserting effective power and authority within New Zealand. The frugality of the British Colonial Office increased the difficulties faced by local administrators and exacerbated relations with Maori.

With few troops at his disposal, the Governor, could do little to apprehend wrongdoing Maori, unless Maori were willing to submit their miscreants to British justice. Orange (1987, p. 108) maintained that government authority was not a simple alternative to chiefly authority, nor were chiefs prepared to concede more of their power than was necessary. It was not until the end of the land wars in the 1860s that the power of the chiefs was finally broken.

After annexation in 1840, the appointed Governor, Captain Hobson, had to deal

with two aspects of the land problem. He had to deal with the pre-1840 land claims and initiate the pre-emptive clause of the Treaty which prohibited the private European purchase of Maori land. Most of the pre-1840 land claims for small parcels were settled amicably, but the 20 million acre claim by Colonel Wakefield's New Zealand Company was resisted by Maori and set aside. The New Zealand Company had to settle for much less than it claimed (72,000 acres in Wellington, and a further 250,000 acres in other settlements). The New Zealand Company tried to argue that the Treaty merely gave Maori title to occupied or cultivated land and that the rest should be declared Crown land. The Governor rejected this argument and consequently the status of the Treaty increased, especially in the Maori view.

Because the local New Zealand government was so short of funds, it was forced to rely on a profit from the pre-emption policy established in the Treaty. Adams (1977, p. 205) pointed out the large margins obtained by the Crown through its pre-emption rights: land bought in 1841 for 1,445 pounds was sold for 25,431 pounds in 1844. Naturally, Maori considered this practice unfair, and incompatible with Article Three of the Treaty by which Maori were supposed to enjoy all the rights of British subjects, including the right to dispose freely of their own lands.

The Southern Cross newspaper of 3 June 1843 encouraged Maori in this view and printed letters from chiefs on the subject. The situation was contentious for the pre-emption policy had been established to protect Maori from

speculators and yet at the same time it took from Maori rights guaranteed in the Treaty. The New Zealander newspaper of 21 and 28 November 1846 attacked the pre-emption policy as the first step towards negation of the Treaty. Moreover, the Native Land Purchase Ordinance of 1846 was legislation designed to protect Maori from their own and settler excesses, and reinforced the Treaty's pre-emption clause. This Ordinance restricted even further the rights of Maori to dispose of their land, timber and flax, and was seen by many Maori as a further violation of the Treaty.

By the mid-1840s, some Maori were coming to terms with the sovereignty issue and were prepared to challenge the government afresh on this issue. In 1844, Chief Heke took exception to the British flagstaff because it was a symbol of the land belonging to the Crown. He attributed the loss of Maori independence to the Treaty and blamed the missionaries for deceiving those that had signed. Henry Williams, who had been most instrumental in persuading Maori to sign the Treaty, defended it in newspapers which were read by Maori (the New Zealander 20 December 1845) and in public meetings with chiefs (R.M.Ross, NZJH, Vol 2, 1972, pp. 152-153).

As he had in 1840, Henry Williams played down the cession of land by emphasising 'rangatiratanga' (the chiefs' power and ownership of the land) which was guaranteed in the Treaty. However, even by 1845, the Chief Protector of Aborigines, George Clarke admitted that the rights of 'rangatiratanga' would have to give way to Crown authority despite the fact that

Maori were led by the guarantees in the Treaty to believe otherwise (GBPP, 1846, (337), p. 131).

Thus, within a few years the ambiguities and contradictions within the Treaty were becoming apparent. Maori did not have the same right as British citizens to dispose of their land as they pleased. To some extent the pre-emption policy was protecting Maori from speculators but the Crown, by buying Maori land low and selling at a profit, was causing widespread resentment. In effect, Maori were financing the growth and the government of the colony.

By the late 1840s, the meaning of sovereignty was becoming apparent to many Maori chiefs and they began to ask more searching questions about the extent of power and authority that could be exercised by chiefs and government (Orange, p. 136). However, just as Maori were beginning to express misgivings about the Treaty, so were the colonists. Alfred Dommett, an early colonist, considered the Treaty's land guarantee unwise but impractical to change for the moment; though he expressed general contempt for the Treaty (NZ Spectator, 2 August 1851). J.C. Richmond from Taranaki also denigrated the Treaty and looked forward to the time when it would be set aside so that Maori land claims would not hinder further colonisation and development (Scholefield, 1960, p. 103).

Throughout the 1840s, the system of Crown purchasing was maintained but the system was under pressure because boatloads of settlers were arriving and

constantly demanding more land for settlement. By the late 1850s, Maori resistance to further land sales was growing and, in 1858, a Maori King was selected in the Waikato with the purpose of uniting the tribes in their opposition to further sales. The tribes that owed the King allegiance granted him a right of veto over their sales. Land was becoming the focus of economic and political confrontation between the races (Sorrenson, 1981, p. 175).

The Land: Maori Sovereignty or Parliamentary Rule

In 1853, a new constitution was introduced into New Zealand which allowed for self-government in colonial matters with six provincial legislatures and an elected House of Representatives. Orange (1987, p. 139) commented that while the franchise qualifications did not ostensibly exclude Maori, few of them held the individual land titles required to qualify and electoral districts excluded areas of large Maori population. Thus Maori were disadvantaged by the constitution and subject to the settler government.

Maori response to growing settler pressure for land was, as mentioned, to form the King movement. By 1860 a substantial section of North Island Maori identified with the King movement and its aims, a primary aim being to resist the spread of settler government and the alienation of land. The leaders of the King movement believed that the Treaty's guarantee of 'rangatiratanga' allowed Maori people autonomy within their own lands. They desired to work with the colonial government in some sort of joint administration (Ward, 1973, pp.

100-101). The settler community's reaction to the King movement was hostile. A contemporary writer, John Gorst, blamed British caution and timidity for leaving the question of sovereignty unresolved (Gorst, 1959, p. 8).

Unfortunately, the Governor, Gore-Browne, rejected the idea of the King movement being accommodated within the constitution and believed the movement to be a direct challenge to British sovereignty (Ward, 1973, pp. 121-122).

The land wars of the 1860s began over a land dispute in Waitara which brought to a head all the other simmering grievances nursed by both sides. The Waitara transaction was typical of many land purchases in that it involved rival groups who claimed ownership. In 1859, a local chief, Teira offered land for sale in defiance of the wider tribal community and the tribal chief's, Wiremu Kingi, wishes. Teira's offer to sell land was calculated to offend Wiremu Kingi and aimed at redressing a past insult. The local settlers who wanted the land and the Chief Land Purchase Commissioner, Donald McLean, urged the Governor to support the local chief and accept his offer for sale. Surveyors were obstructed by Maori and troops were sent to restore order.

What should have been a Maori dispute evolved into a European-Maori war which was to last off and on for ten years. The Waitara purchase was an overt breach of the Treaty and Maori organisations like the Kotahitanga later in the century were largely correct in stating that: "Waitara was the root and that the

evil began at Waitara" (Ward, 1988, p. 173).

The fighting which began over the land dispute at Waitara in 1859 hardened attitudes on both sides. Gore-Browne called a conference of 200 Maori chiefs at Kohimarama, in July of that year, hoping to secure support for his actions at Waitara and gain a condemnation of the King movement. The Governor stressed to the chiefs the importance of the Treaty and the protection it had afforded Maori. He concluded his opening address by warning that acts against the Crown could lead to the forfeiture of their rights and privileges as British citizens (Orange, 1980, pp. 61-82).

Donald McLean, Native Secretary and Chief Land Purchase Commissioner, presided over the rest of the conference and, according to Orange (1987, p. 147), emphasised the benefits of the Treaty while playing down the crucial transfer of power involved in the Treaty. McLean avoided both an explicit definition of sovereignty as it was understood by Britain in 1840, and the real issue of the colonial government's desire to assert undisputed authority throughout the entire country.

The conference was a triumph for McLean and served the government's interests. The final resolution of the conference was, in effect, a ratification of the Treaty and came to be known as the Kohimarana covenant. McLean shrewdly encouraged the idea of a covenant, an expression with quasi-religious overtones, which he believed would appeal to the chiefs. The Governor said

in his closing speech, that the Queen had entered into a covenant with her chosen race, the Maori people (Orange, 1980, pp. 61-82). The assembled chiefs (chiefs from the rebellious Taranaki and Waikato tribes had been excluded) eventually re-pledged their loyalty to the Queen because they believed that Maori sovereignty and 'mana' had been guaranteed. Once again explanations with regard to the vital issue of sovereignty over the land had become confused and different meanings had flourished.

As the Land Wars progressed, the meaning of sovereignty over the land became much clearer, particularly to those involved. The Times of 16 December 1864 reported that the question of sovereignty was the critical point of difference between the races in New Zealand. The Native Minister, C.W.Richmond, declared that the Waitara Chief, Wiremu Kingi, was in rebellion because the cession of sovereignty entitled the Crown to assert British law in land dealings. Kingi was perceived to be retaining the land to keep out British law (NZPD, 1858-60, pp. 260, 323-326). Wiremu Kingi, on the other hand, believed that the Treaty had guaranteed his sovereignty over the land and that now the settlers in their demands for land had set the Treaty aside.

Land Confiscation: Parliamentary Power and Maori Response

The subsequent New Zealand Land Wars in the North Island lasted for most of the decade of the 1860s. They were largely unequal struggles of isolated Maori tribes pitted against well supplied Imperial and New Zealand troops. The

rebellious tribes were punished by the colonial parliament through the passing of the New Zealand Settlements Act 1863. The 1863 Act authorised the confiscation of Maori land and its resettlement by Europeans to deter further Maori resistance. Remaining confiscated land would be sold to cover war costs.

Thus the end result of this unfortunate war was that parliament confiscated three million acres of Maori land in the Waikato, Taranaki, and Bay of Plenty, although later about half this area was returned (AJHR, 1928, G-7, pp. 6-22).

Maori response to these measures was led by a Waikato chief, Wiremu Tamihana, who petitioned the Queen for a commission of enquiry. Worried by this response the Native Minister, James Fitzgerald, sent a magistrate into the Upper Waikato to ask Tamihana to support the government in exchange for the return of his tribal (Ngatihaua) land. A King movement supporter, Tamihana would not be bought and wanted all the Waikato land returned (Ward, 1973, p. 190).

Tamihana's 1865 petition went ahead. His petition declared that under the Waitangi covenant, Maori were to retain their 'rangatiratanga' and their 'mana' but that the confiscations violated this. The petition asked for the Queen to return the land which the colonists and the Governor had taken (The Press, 7 July 1865). After some hesitation, the colonial assembly accepted the petition which was passed from the assembly to the Governor, back to the assembly

and then to the Queen, who returned it to the assembly as all parties tried to shift the burden of responsibility (Ward, 1973, p. 190, and AJHR, 1873, G3, p. 1). Orange (1987, p. 184) commented that it was some time before Maori comprehended the implications of the transfer of responsibility in Maori affairs from the British to the New Zealand government. To Maori it was inconceivable that the Queen and her parliament had washed their hands of the Waitangi covenant. Meanwhile, Tamihana returned to the Waikato bitterly disappointed (Ward, 1973, p. 190).

There was some opposition in the colonial parliament to the Settlements Act; James Fitzgerald maintained in parliament that such confiscation was in violation of the Treaty's land guarantee (NZPD, 1861-63, p. 782). William Swainson, another member of parliament, reported a recent comment by the British Colonial Secretary, the Duke of Newcastle, that: "The government [New Zealand] should be regulated with a view to the expectations which Maori have been allowed to base on the Treaty of Waitangi." (NZPD, 1861-63. p. 870) For the government, Frederick Whitaker claimed that the right to confiscate land was part of the rights of sovereignty ceded in the Treaty. Whitaker's view was that Maori land title was not recognisable in a court of law and was therefore subject to the colonial legislature.

The Mechanism of Land Transfer 1862-1871

The Native Lands Act 1862 represented further breaches of the Treaty by the colonial legislature - Whitaker's views had prevailed. Under the 1862 Act, any Maori with a claim to land could initiate investigation of title in court thus forcing the other members of the tribe to defend their rights. The 1862 Act specified that normally land could be vested in ten chiefs, who were trustees, but nevertheless able to alienate their interest.

Perhaps, the single event which could be held most responsible for the expropriation of Maori land was the Native Lands Act 1865 which permitted settlers to lease or purchase land from Maori named in the Court's certificate of title. Before the 1865 Act, Maori land was owned communally and this kind of ownership known as 'rangatiratanga' was recognised in the Treaty and, in fact, was guaranteed in the Treaty by the British Crown. Ward (1988, p. 171) commented: "Almost all land purchases after 1865 were under laws and processes which breached the rangatiratanga principle and therefore the Treaty of Waitangi. The Native Lands Act 1865 was a clear breach of the Treaty.

Hone Heke, the member of parliament for Northern Maori recognised this breach of the Treaty when in 1893 he stated (McIntyre and Gardner, 1971, p. 162):

Ever since 1865 the native mind continually referred back to the treaty of Waitangi, contending that several provisions of acts passed since then were contrary to the treaty that their rights have been ignored and the confiscation of their lands is a direct violation of its clauses.

With regard to the European system of individual land titles Hone Heke (McIntyre and Gardner, 1971, p. 162) went on to add:

In our native land tenure there was no individual title to land; it was held in common. In former days the chief of each tribe was the recognised person who held sole mana over the people and the land held by the people. After the introduction of legislation and European ways, in respect to putting everything down on paper, a tendency arose to alter the true former Maori honesty of settlements. Under the new state of affairs, natives who were neither chiefs nor owners of the soil gave their signature to deeds of the land to the Crown as well as private individuals.

After 1865, it became possible to divide Maori land into smaller blocks with the title to each block registered in an individual name. The result of this fundamental change in Maori land ownership was that, as Ward (1988, p. 173) described: "A ruthless scramble set in with the wealthy and the unscrupulous having the advantage." The 1865 Act permitted many prosperous settlers to acquire large land holdings by ruthlessly exploiting Maori indebtedness and legal inexperience (Sorrenson, 1981, p. 186). This 'land rush' began at a time when Maori were demoralised by their defeat in the New Zealand Land Wars, and by the erosion of the structure of their tribal society. Moreover, Maori had realised the futility of unequal warfare and feared further confiscations (Sorrenson, 1981, p. 187).

The Native Land Courts, established by the 1865 Act, were also effective instruments in breaking communal resistance to land sales such as the Maori

King Movement's anti-land-selling league. At first, certificates were issued to no more than ten owners (usually chiefs) who gained sole rights of alienation. Later, in 1873, an amending Act allowed every member of the tribe to be named. All persons awarded title could sell their individual interests in the land and by this means, a block could be purchased piecemeal and partitioned (Ward, 1988, p. 173).

Once the names of a group of owners were gazetted, it was the responsibility of all other claimants to appear in the local Native Land Court and defend their claims. Thus when the King's supporters boycotted the Court, they found that the land title was awarded to the land sellers who had attended the Court. This divide and rule procedure was repeated over and over again. Once the land went through the Native Land Court, it was whittled away by the purchase of individual signatures (Sorrenson, 1981, p. 186). It was a procedure which broke the tradition of oral history upon which Maori society was founded. As land ownership was recorded, the need to remember the history of their forbears upon the land began to disappear. It was a procedure which also overcame the King Movement's defence of the right of the community, collectively, to regulate land alienation.

A common technique for acquiring land was to provide liquor and other goods to particular Maori, who were more easily manipulated, and induce them to sign mortgages as security for the goods provided. Subsequently, the European supplier would persuade and assist the indebted Maori to register the tribal land

in the Native Land Court. Once the land was registered the mortgage would eventually be foreclosed. Unless other members of the tribe could afford lawyers and attend the Court hearings, their land was acquired by default.

Even if Maori attended the local Native Land Court to defend their claims they were likely to suffer, whatever the outcome. Wi Pere in giving evidence before the Native Land Laws Commission of 1891 explained (AJHR, 1891, G-1, p. 9):

In the case of the Native Land Court sitting at Cambridge the natives had to come from Taupo and Rotorua, and other distant places. The expenses were so great that the value of the land was absorbed in the outlay incurred attending the sittings of the Court.

At the same Commission hearing J Hamlin, a licensed interpreter from Napier observed (AJHR, 1891, G-1, p. 125):

In the Waikato a block of land passed through the Court and did not pay the agent's fee, and the native owners had to sell another block in order to liquidate the agent's fee.

The expenses and prolonged procedures of the Native Land Courts became a public scandal and aroused public sympathy for Maori who had to attend these Courts to register or defend their land. The New Zealand Herald of 1 August 1885 commented:

Men and women have had to abandon all industrious occupation ... They can scarcely be said to have had a home but for the most part they have for years past lived in tents, or slept on the ground with the shelter

merely of a break-wind. They have been made to do this by having to run from one part of the country to another after Land Courts. They have had to live on wretched watery foods such as potatoes, and the only relief is in getting drunk.

The plight of the Maori outside the Land Courts was also observed by

G Beetham in parliament. He commented (NZPD, 1885, Vol 52, p. 515):

I believe we could not devise a more ingenious method of destroying the whole Maori race than by these Courts. The natives come from the villages in the interior, and have to hang about for months in our centres of population, where they are exposed to many demoralising influences ... The result is that a great number contract diseases and die.

An illustration of how easy it was for Europeans to obtain land once it had been registered in the Native Land Court was described by a member of parliament, W Travers (NZPD, 1877, Vol 24, p. 392):

A European, found this great chief and his co-grantee in possession and made advances to him. A little credit was opened to him at a petty store, where he could buy bad grog and indifferent slops, and a gig ... He was able to live in a most magnificent manner. He built houses in two different parts of the country; he lined his cupboards with grog, which attracted his neighbours until at last the grog was stopped and the European told him he had gone as far as he could be permitted without further security. A mortgage was taken on the country and all goes smoothly: his friends visit as before, he drives his gig with lighted lamps, and everything goes swimmingly until at last his grog is again stopped, ... but that if he makes a conveyance he may have, perhaps, another hundred or two ... Within a year or two this European was able to sell the land at a price twentyfold than that which he originally gave for it.

Once tribal land passed into European possession there was little chance of redress for dispossessed Maori. A petition to their local member of parliament

such as the one supplied to Henry Russell was generally the only protest that local Maori could muster or afford:

To Henry Russell (AJLC, 1871)

Friend, I will proceed to inform you what my malady is; it is in regard to the lands of myself and my younger relatives. The name of the land is Te Waipiropiro; it was mortgaged by my parent while I and my younger relatives were very young; and for the first time do I hear that it is has gone for grog, goods and sugar. I therefore ask that my land should be returned to me; that is that you should cure my malady.

Hirini Karauria Pupu, and 13 others.

Such appeals, though recorded in Parliamentary papers, were hardly ever of any use as Parliament did not overrule Land Court decisions believing that such decisions should be left to the legal profession to settle (Orange, 1987, p. 178). In other words, although Maori were theoretically equal and independent in terms of sovereign law based on the Treaty, their independence and privileges were being increasingly undermined by the normalising procedures of the legal profession.

In summary, Parliament's passing of the Native Land Acts 1865 and 1873 exposed Maori (Ward, 1973, pp. 185-6):

... to a thirty year period during which a predatory horde of storekeepers, grog-sellers, surveyors, lawyers, land agents and money lenders made advances to rival groups of Maori claimants to land, pressed the claim of their faction in the Courts and recouped the costs in land. Rightful Maori owners could not avoid litigation and expensive surveys if false claims were put forward.

Settler Attitudes and Ideology in the 19th Century

If the legally approved operation of such normalising techniques appears unjust, it should be seen in the context of the discourse of the time. The period from 1850 to 1930 in New Zealand was characterised by land development, stress on the individual, and a deep seated belief in capital accumulation with a social-darwinist emphasis. The Native Secretary, Francis Fenton, wrote a minute dated 13 October 1856 (McIntyre and Gardner, 1971, p. 122) which advocated the eventual removal of Maori opposition to land sales and reflected the social-darwinist attitude:

When the uneducated Maori is placed side by side with the intelligent and highly cultivated member of an elaborate civilisation, he is at once subjected to an amount of competition which first astonishes and ultimately disheartens him. ... Unable to endure the social attrition to which he is subjected, he abandons the contest, or pursues it in a listless and indolent manner that can never result in any great measure of success.

New Zealand was a frontier society where the notion of 'survival of the fittest' was generally approved. For example, J C Richmond, the Colonial Secretary, speaking in support of the Native Lands Act 1865 had recommended that a free trade in Maori land divided into individualised parcels would expose them to the healthy play of individual competition from which some would benefit and some would lose (NZPD, 1864-6, p. 347):

... the ordinary savage Maori would sink below the uncultivated European, whilst others possessed of more real force of character would rise to a higher level, from the great power of wealth which was put into their hands.

Richmond's views on the virtues of healthy competition reflected a popular ideology of the age. The daily Southern Cross of 2 January 1868 commented:

If the Maori did not accept this challenge they must be ground to dust between the forces which a vigorous and progressive civilization will bring to bear upon them.

Meanwhile, according to Richmond the settler was not so much afflicted by a desire to participate in Darwinist type competition as for civilisation:

At the same time, the settler was quite properly, anxious to extend settlement, nor could his desire for land be properly called greed. It was not individual wealth he was grasping; he was indulging in the healthy wish for the spread of civilisation (NZPD, 1864-6, p. 349).

Thus, the occupation by Maori tribes of large areas of uncultivated land was considered to be uncivilised, an obstacle to the extension of settlement and the spread of civilisation. 'Civilisation' was a word often used in colonial discussions of Maori affairs and it was generally used to justify the individualisation of Maori land tenure. According to a former prime minister, F A Whitaker (NZPD, 1877, Vol 24, p. 253):

It was absolutely essential not only for the sake of ourselves, but also for the benefit of the Natives, that the Native titles should be extinguished, the Native customs got rid of, and the Natives placed as far as possible in the same position as ourselves.

The amalgamation policy, which most colonists supported, justified the adoption

of European customs and ideologies because according to most colonists they were simply superior. Captain Russell explained in parliament (NZPD, 1885, Vol 52, p. 435):

If we conceive of an ideal state of civilisation, we should imagine one somewhat similar to our own. If we are able to say that, we should wish the Maori to be as nearly assimilated to our own habits and customs as possible.

Captain Russell, an advocate of free competition believed it was essential that Maori adopt similar individualistic instincts as soon as possible in order to survive. He spoke for many when he said (NZPD, 1885, Vol 52, p. 435):

You must make the natives self-reliant, or you doom them inevitably to gradual extinction. If you take away from them all necessity for minding their own affairs and treat them like children to the end of the chapter, the race must inevitably decay and be destroyed as time goes on.

Not everyone echoed Captain Russell's views, a minority in parliament believed in a more paternalistic approach to Maori affairs. Sir Robert Stout reflected this alternative view, although still acknowledging that Maori community based economic systems were inferior (NZPD, 1886, Vol 55, p. 291):

The Natives cannot equal the Europeans in buying or selling or in other things. They have not gone through that long process of evolution which the white race has gone through. The Natives have not emerged from the communal system fifty years and it is absurd to say that they can compete with Europeans. I say, therefore, that the state has, so far as the Maoris are concerned, a responsibility.

It would appear that, given the widespread acceptance of the amalgamation policy and the ideals of Europeans, there was no room for compromise. The settler attitude was that Maori tribal systems had to be destroyed or there could be no amalgamation of the races. The only issue left for debate was whether the destruction of Maori customs and society should proceed sooner or later.

It is doubtful that many settlers saw a place for Maori in a future New Zealand society. The New Zealand Herald of 21 October 1882 commented:

The occupation of their lands by colonisation from home is what we want, and what the colony requires to enable it to pay its way and not be swamped by debt, and inwardly we shall in confidence say to ourselves, very sorry for the noble semi-civilised people, but it must go to the wall, for the Maori is face to face with that civilisation to which he must succumb.

Maori Resistance and Efforts to Regain Lost Rights (1871-1890)

During the 1870s, the effect of the Native Lands Act 1865 became apparent as the new Native Land Courts, under the direction of Chief Judge Fenton, were adverse to Maori welfare and Maori were disturbed by the ease with which land was taken from their grasp (Orange, 1987, p. 186). Experience in the courts demonstrated that the Treaty afforded Maori little protection, but some faith in petitions persisted and in the 1880s over a thousand Maori petitions were presented to parliament (Orange, 1987, p. 186).

An important legal precedent was established in 1877 when, after a case

involving the Bishop of Wellington's misuse of Maori land, Chief Justice Prendergast declared the Treaty a nullity because it had not been incorporated in domestic law (NZ Jurist, 1877, Vol 3, (NS) p. 78). This normalising precedent applied to all future cases which cited the Treaty. Thus, the country's law courts failed to recognise the land guarantee given in the Treaty.

Apart from the process of litigation another method of transferring land was by way of the Immigration and Public Works Act 1870, a procedure which allowed the government to purchase 5 million acres between 1870 and 1892 (Sorrenson, 1955, p. 133). The encroachment from government and local authority works was resented by Maori, who considered themselves particularly penalised by the levy of local rates and local dog taxes (Ward, 1973, pp. 283-284). The implication of these decisions for the cases studied examined is that the threat of compulsory land acquisition by local authorities greatly enhanced the disciplinary powers of local government officers. These disciplinary powers became an important means of subverting sovereign law and re-ordering society.

In March 1879, Maori leaders attended another conference which was meant to be linked to the Kohimarama conference of 1860 and once again the objective was to discuss the Treaty. The Treaty was read aloud, as was Governor Gore-Browne's address. The conference had been called by Chief Tuhaere, who noted that the Treaty had been ratified on the Maori side, but that Maori were disillusioned by government policy. Speakers reported the loss

of Maori land due to individualisation of title and liability through rates and mortgages (AJHR, 1879, Sess II, G-8, pp. 16-18). No conclusive resolution emerged, although Orange (1987, p. 194) argued that Maori knowledge of the Treaty had advanced and that there was a desire to see the Treaty implemented. Also the Treaty had become a symbol of Maori unity, particularly because the Treaty had guaranteed 'rangatiratanga' and therefore the British government had confirmed Maori chiefs' autonomy in their lands.

The settler response to the 1879 Maori conference was led by former premier, William Fox. He reasoned that if tribes denied the validity of the Treaty, they lost their land by virtue of British discovery. On the other hand, if Maori acknowledged the Treaty they were, because they had agreed to British sovereignty and were British subjects, by definition rebels and the confiscations could be upheld.

The Parihaka affair of 1881 (a 2,000 strong force of colonial police had destroyed a Maori village involved in non-violent protest at land confiscation) had involved a sympathetic Governor informing the British Colonial Office of details of the attack. The attitude of the Colonial Office was that Britain had no right to intervene in the affairs of a self-governing colony, an attitude which implied that Britain had abrogated its part in the Treaty (Orange, 1987, p. 202).

In 1882, some Maori chiefs decided that they should directly petition the Queen in England on the basis that she was the sole authority concerned with the

Treaty. They requested that the Queen appoint an English Royal Commission to investigate breaches of the Treaty, and that permission be given to establish a Maori parliament. The Colonial Secretary, the Earl of Kimberley, eventually agreed to receive the petitioners but indicated that the matter was not Britain's responsibility. Britain, the Colonial Secretary considered, could no longer interfere in the colony's internal affairs. The mission was a failure but it had aroused public interest in Britain. To offset adverse publicity, Fox's paper dismissing Maori claims was circulated and published by the Royal Colonial Society in London (Orange, 1987, p. 208).

Following this precedent set by the 1882 petition, the Maori King, in 1884 also embarked on a similar mission inspired partly by a desire to prevent the sale of King Country land. Although he was more sympathetically received by the British Colonial Secretary, he was not granted an audience with the Queen and achieved no more than his predecessors.

In the 1890s, Maori leaders tried another approach to gain recognition of their rights under the Treaty. The 'Kotahitanga' movement was an attempt to forge unity among all Maori tribes to secure the autonomy guaranteed to them by the Treaty. Some Maori chiefs had taken note of the observations of English sympathisers that Maori petitions to the Queen were undermined by their lack of tribal unity. The 'Kotahitanga' parliaments began meeting in 1892 and continued operating for eleven years before support waned. They never achieved the complete Maori union which had been their primary aim.

The Reforming Liberal Government

The Liberal Government of the 1890s did make some attempt at reforming the Native Land Courts. The liberals also created the District Maori Land Boards to administer Maori wills, adoptions, and with the power to authorise the alienation of minors' interests. Ward (1973, p. 305) remarked that in the period 1910-1920 the system was still attracting the same charges of incompetence and wasteful delay as had the 19th century Land Courts. Moreover, some guardians of Maori interests, like Judge Von Sturmer, expressed public satisfaction at the passing of Maori land into European hands (Ward, 1973, p. 304).

By 1892, Maori retained less than one sixth of the country, mainly in remote areas of the North Island; the greater part of New Zealand had been purchased by settlers within thirty years, much of it at nominal prices (AJHR, 1892, G-10, pp. 7-33). In the 1850s, Maori had been the main agricultural producers selling their surplus. By 1890, they existed on a precarious subsistence basis reliant on work as casual labourers on European farms.

This loss of land would, it was believed, lead Maori to abandon their culture and assimilate with the Europeans. This view was echoed by Henry Sewell in Parliament in 1890 when he declared:

It was necessary to bring about the detribalisation of the Natives - to destroy, if it were possible, the principle of communism which ran through the whole of their institutions ... and which stood as a barrier in the way of all attempts to amalgamate the Native race into our own

social and political system (NZPD, 1890, 9, p. 361).

Most Europeans believed that the amalgamation of Maori with the European was a desirable objective, even if it meant the loss of land and with it a tribal way of life.

However, as Ward (1973, p. 187) observed:

In practice a system of ruthless competition was thrust upon a people whose society was traditionally organised in extended family and village cooperatives. The greater tragedy was not simply that the utter disruption of Maori social relations was deliberately initiated but that it was initiated through a system of land purchase that encouraged cupidity and unscrupulousness among Maori landholders rather than thrift and the responsible use of land. It left Maori people resentful and bewildered.

If Maori fared badly at the hands of the judiciary and central government then their relations with local government were no better. Ward (1973, p. 269) commented that they had almost nothing to do with the machinery of settler local administration. Their relations with these bodies were generally antagonistic, partly because of the encroachment of local authorities on Maori land for public works and partly because Maori were unwilling and generally unable to pay rates. From 1871, Maori land was only rateable if leased to settlers or traversed by roads. A wider levy of rates would have amounted to a compulsion to sell land as Maori society generated little cash. In 1882, Maori lands within five miles of a highway became liable for rates and this affected 3.5 million acres out of a total of 13 million acres. In fact, the Crown paid the

rates and made the debt a first charge on the land (Ward, 1973, p. 269).

Maori were also constitutionally exempt from noxious weeds and fencing laws, an exclusion which Ward (1973 p. 269) believed to be a serious source of friction in a pastoral society. All of this led, at a local level, to a settler disinclination to vote money for Maori purposes when Maori were not ratepayers (p. 274). It is interesting to note that the only Maori attempt to petition to Parliament for some representation within local government was dismissed by the Parliamentary Chairman of Native Affairs as 'original and amusing' (AJHR, 1876, I-4, p. 16).

The advent of the reforming Liberal government, at first, held out promise to Maori especially when its Native Land Laws Commission condemned the practices of the last thirty years, but beyond that condemnation little was done. By 1914 another 3 million acres of Maori land had been acquired (Williams, 1969, pp. 108-111).

A Parliamentary Strategy, 1900-1930

The first thirty years of the twentieth century saw Maori leaders adopting a different strategy: working within the parliamentary system for reform. Maori members of parliament, Apirana Ngata, Peter Buck (Te Rangihiroa) and Maui Pomare, all university graduates, accepted the European interpretation of the Treaty based on the English version and advocated directing energies towards

benefits from the Treaty which were possible rather than proceeding with the now hopeless issue of sovereignty. Accordingly, they pursued the protection of Maori fishing rights and won some small gains in the 1920s in this regard.

A more significant promotion of Treaty issues occurred when the Ratana movement won Maori parliamentary seats in the 1930s. The movement held wide appeal based on religious unity and a demand for improved welfare to Maori. The Ratana members of parliament were pledged to promote Treaty rights and the issue of the Treaty was enhanced when Labour and Ratana began a lasting parliamentary alliance. This alliance was important because it ensured that whenever Labour was elected to office, the issue of Maori rights under the Treaty would come to the fore. After decades of having been ignored or suppressed in parliament it would appear that Maori members of parliament had at last adopted a strategy which would, at least, ensure that Treaty issues would receive parliamentary attention.

Historical Background: Conclusion

This chapter has outlined some of the strategies adopted by Maori to get the Crown to honour the Treaty. Throughout the period under question (1840-1930), Maori stratagems had largely failed because they believed that there had been an absence of 'good faith' on the part of the Crown and that eventually the justice of their claims must be honoured. On the other hand, reading from the English version of the Treaty, successive colonial governments

believed that Maori had clearly ceded sovereignty and therefore parliament had every right to pass laws which affected Maori land.

Apart from some changes to sovereign law, however, Maori interests were also disadvantaged by the normalising activities of the many professional people who interpreted parliamentary laws, and who participated in transactions which involved the alienation of Maori land. Throughout the period 1860 to 1930 much emphasis was made in parliament and in the press of the need to bring civilisation to Maori and to open-up remote areas of New Zealand. Most Europeans applauded and encouraged such goals. Continued Maori landholding was viewed, at that time, to be an obstacle to the creation of road and rail networks and to general pastoral development.

Understanding the Treaty, its ramifications and interpretations, is important to this thesis because it explains why lawyers, judges, local government officers, surveyors, and accountants had little cause to doubt the integrity of their actions. These professionals were responsible for facilitating the mechanism by which Maori land was transferred to European owners. The original landowners of New Zealand were brought to economic and social decline, in part, by the disciplinary 'norms' of legislators and professionals, including accountants, acting within what they believed to be established principles based on their own discursive practices.

This is not to argue any conspiracy theory but merely to recognise that these

professional people were reflecting their own institutionalised discourses. Discourses which led them to objectify these issues and, in so doing, subjectify Maori partly because Maori communal values were in conflict with those of European society. Without the assistance of mindful lawyers, surveyors, local government officials and accountants, many of the larger landowners could not have functioned successfully. Concepts of amalgamation and civilisation entered into a unifying discourse among colonists and the new human disciplines supplied their own power/knowledge techniques to facilitate amalgamation and civilisation as beneficial socio-political goals. It is with the Foucauldian themes of discourse, discipline and power/knowledge that the next chapter is concerned.

CHAPTER 3

THEORETICAL BACKGROUND

Introduction

A theoretical framework for the analysis of the part played by preparers and users of accounting information in social conflict and power relations is developed in this chapter. It is realised, however, that attributing effects to the practice of accounting is inevitably problematic as it is difficult to separate accounting from other social disciplines which contribute to the organisation and control of productive processes. Moreover, accounting in action is shaped by a variety of influences: economic, social, cultural, legal, governmental, etc., and, accounting in turn makes its contribution to these other influences. Disentangling effects that are primarily related to accounting is difficult, if not impossible, and it is to be recognised that accounting is part of a set of interactive human disciplines that establish 'normality' and 'regimes of truth'.

The chapter is organised to discuss three inter-related Foucauldian themes essential to a critical analysis of the data: the significance of discourse and discursive practices, discipline/control and power/knowledge. First, however, some justification is required to explain the relevance of Foucauldian philosophy to this study.

The Relevance of a Foucauldian Perspective

The focus of this thesis is on specific but isolated, and discontinuous accounting discourses and practices and the manner in which accounting

knowledge was employed. Foucault's philosophy is relevant because his aim is not to follow traditional methods:

For example, whereas 'traditional', or 'total', history inserts events into grand explanatory systems and linear processes, celebrates great moments and individuals, and seeks to document a point of origin as the source of emanation of a specific historical process or sequence, genealogical analysis attempts to establish and preserve the singularity of events, turns away from the spectacular in favour of the discredited, the neglected, and a whole range of phenomena which have been denied a history. (Smart, 1983, p. 75)

The three case studies span a period from 1870 to 1935 and the critical theory of Michel Foucault is used to critically interpret the data presented. From these cases, involving relations of power, some insights into why accounting has become so powerful in the last 150 years may be obtained. In other words, to explain how power functions in society by examining the role of accounting discourse and practice, and to question the extent, if any, of accounting's participation in power relations.

Foucault (1980, p. 62) described the historian's essential role:

What's effectively needed is a ramified, penetrative perception of the present, one that makes it possible to locate lines of weakness, strong points, positions where the instances of power have secured and implanted themselves by a system of organisation dating back over 150 years.

The case studies presented in this thesis depict intentional, non-egalitarian,

power relations which are imbued with calculation involving the use of accounting to facilitate certain ends. They are aimed at illustrating why accounting has become important and show how things happen. This is not to suggest that accounting has progressed or that accounting has been an agent of progress. Foucault (1980, p. 50) declared;

And I don't say that humanity doesn't progress. I say that it is bad method to pose the problem as: 'How is it that we have progressed?' The problem is: how do things happen? And what happens now is not necessarily better or more advanced, or better understood, than what happens in the past.

Foucauldian philosophy is relevant to the empirical data gathered because the emphasis is on explaining how things happened without suggesting that what happened constituted progress or was more advanced.

With Foucault it is possible to examine local histories and proceed to analyse them without recourse to universals. There is no need to be concerned with abstractions and what is ideal. Instead the past can be examined to explain what has happened and to explain how power is exercised. For Foucault the aim of critical theory is not to achieve some ideal of justice but to alter power relations. Foucault therefore rejected political philosophies devoted to utopias or ideal social models. Instead he shifted the why question to a how question - how am I interested in politics? Approaching the problem of politics by building models of the just social order or searching for general principles by which to evaluate existing conditions, fails, according to Foucault, to

enlighten us about the concrete functioning of power in society - how power operates (Rabinow, 1986, p. 6).

Because the case studies researched involve alienation and struggle they illustrate power relations and do not support notions of progress. Instead, each case study provides an example which in accordance with the Foucauldian approach questions the solid foundations of our beliefs:

Genealogy is disruptive of traditional historical analyses employing conceptions of uninterrupted continuities in history: it disturbs the formerly secure foundations of our knowledge and understanding - not, however, in order to substitute an alternative and more secure foundation, but to produce an awareness of the complexity, contingency, and fragility of historical forms and events to which 'traditional' history has attributed a stability. (Smart, 1983, p. 86)

That is the case studies used describe isolated, buried events with the aim of fragmenting and disturbing the linear functionalist origins of our beliefs and knowledge practices.

Finally, it is claimed, that Foucauldian philosophy and methodology provides an appropriate basis to this thesis because it is a philosophy which gives voice to discredited and disqualified forms of knowledge and promotes the study of subjugated knowledges rather than their exclusion or subordination.

The Significance of Discourse

Foucault originally expressed his ideas on discourse in terms of an archaeology of knowledge structures (The Order of Things, 1970). By discourse Foucault meant things said, or what was said about a given object or a given aspect of social reality in a given period. For example, what is said about economic objects has changed from one period to the next. Different objects of discourse may be discerned over time.

Foucault (1970, p. 294) considered that language, in the seventeenth and eighteenth centuries, was an immediate and spontaneous unfolding of representations which established relations of identity or attribution. Language was a form of knowing and knowing was automatically discourse. It was only by the medium of language that things could be known because it was the first sketch of an order in representations of the world. It was in language that all generality was formed. Archaeology, in this sense, is concerned with discourse, and how subtle changes in meaning have occurred over the centuries.

Contemporary discourse has important consequences for the human sciences, as Foucault (1970, pp. 364) stated:

The consequence is that the human sciences when dealing with what is representation find themselves treating as their object what is in fact the condition of their possibility. They proceed from that which is given to representation to that which renders representation possible, but which still is representation. So that, unlike other sciences, they seek not so much as to generalise themselves or make themselves more precise as

to be constantly demystifying themselves ... On the horizon of any human science, there is the project of bringing man's consciousness back to its real conditions, of restoring it to the contents and forms that brought it into being.

Within the human sciences discourse has an institutional context, criteria are established to regulate who can speak, often in specific situations, and who is prohibited from speaking (P. Patton, personal communication, April 27, 1992).¹ For example, there are certain utterances in a religious service which can only be performed in a certain discourse, and by authorised speakers.

P Patton (personal communication, April 27, 1992) pointed out that one of the things that separates various kinds of discourse are the different sorts of rules that regulate who is entitled to speak or to speak in certain ways. By creating a specialised discourse and awarding the title 'accountant' to those familiar with the discourse, it is suggested that the more ambitious nineteenth century New Zealand bookkeepers were informally establishing their institutional status before any formal institutional structure was established. In the first case study presented in this thesis, the accountant involved is, in 1870, referring to himself and his colleagues as 'accountants' rather than as bookkeepers, and writes in 1878: "I get a fair amount of accountancy work."² In New Zealand, the

¹ Doctor Paul Patton from the University of Sydney gave a workshop on Foucault at the University of Waikato, and a transcription of the tape was undertaken.

² See letter from W K McLean to Sir Robert McLean dated 28 January 1878, F807. Also in another letter to Sir Robert (21 June 1879) W K McLean spoke of being, "engaged in accountancy work for Captain Porter" (F854).

Institute of Accountants was not formed until 1894 yet it would appear some bookkeepers were already distinguishing themselves by using the term 'accountant'.

The importance of discourse is that it is an element of social reality itself (P Patton, personal communication, April 27, 1992). Discourse itself, the things said about a particular domain and the way they are said are of themselves a crucial operator in social and historical change. Thus Foucault (1970) suggested that in order to understand the kind of society we live in and how it has come about, we need to pay attention to the forms of discourse themselves. Language needs to be seen as essentially a kind of action, a way of doing things.

One of Foucault's essential ideas about discourse is that the kind of things said have some underlying unity. Thus it is necessary to inquire what sort of things are talked about and what are the objects of the discourse. For example, the medical profession in the eighteenth century separated from other health practitioners by creating a scientific discourse which in time became legitimate, and the profession opposed other 'illegitimate' forms of discourse. Thus discourse and the underlying unity it achieved became a form of power. Moreover, Foucault (1970) claimed that the form of society we have is one that has developed as a consequence of certain types of discourse becoming legitimate and de-legitimising other discourses.

Another feature of legitimate discourse is its truth function. 'True' discourses emerge from particular discursive formations, as is evident from Foucault's comment that: "... ours is a society which produces and circulates discourse with a truth-function, discourse which passes for the truth and thus holds specific powers" (1980b, p. 4).

One result of the emergence of legitimate discourses was to create institutions to protect and further regulate legitimate discourses and create authorised speakers. Moreover, these institutions while preserving professional unity also claimed objectivity and neutrality. Foucault (1974) commented:

... the real political task in a society such as ours is to criticize the working of institutions which appear to be both neutral and independent; to criticise them in such a manner that the political violence which has exercised itself obscurely through them will be unmasked, so that one can fight them (p. 171).

The objects of Foucault's investigations included the role of institutions such as schools, factories, hospitals, prisons and asylums and the discursive systems of life, language and labour. He sought to find out how and around what concepts institutions and discursive systems were formed, how they were used, where they developed.

The Foucauldian perception of institutions is that they serve to increasingly order society. The pervasive organisation of our society by all kinds of institutions, Foucault identified as 'bio-technico-power'. Dreyfus and Rabinow (1982) explained biopower as

... the increasing ordering in all realms under the guise of improving the welfare of the individual and the population.... this order reveals itself to be a strategy, with no one directing it and everyone increasingly enmeshed in it, whose only end is the increase of power and order itself (p. xxii).

The regime of bio-power is one of '**normalisation**'.³ Foucault commented that it is "a power whose task is to take charge of life" and consequently it requires "continuous regulatory and corrective mechanisms" (Cited in Rabinow, 1984, p. 20). Moreover bio-power (or normalisation) is quite covertly manifested through a variety of institutions:

Such a power has to qualify, measure, appraise, and hierarchize, rather than display itself in its murderous splendour ... it effects distributions around the norm.... [The] juridical institution is increasingly incorporated into a continuum of apparatuses (medical, administrative, and so on) whose functions are for the most part regulatory (cited in Rabinow, 1984, p. 20).

Thus **normalisation** is about regulation and adjudication outside and beyond sovereign juridical process. It is about the creation of 'natural' rules or norms, and the application of these 'norms' is an important feature of this thesis.

The difference is that whereas from sovereignty a juridical rule has been derived, from discipline and its exercise a 'natural' rule or norm has been derived. Thus the code which has emerged from the exercise of disciplinary mechanisms of power has not been that of law but that of 'normalisation'. Smart (1983, p. 85)

³ Concepts so designated '**normalisation**' will provide the basis for critical analysis of the empirical data.

To create and maintain order, a regime of discipline including **normalisation**, hierarchisation and objectification is required. For Foucault, the truth function of the normalisation process is upheld, administered and determined at a local level by prison warders, teachers, doctors, (and it is here argued) lawyers, accountants and government officials. Foucault (1980, p. 96) advocated that more attention should be paid to these local strategies of power and truth than to an analysis of global strategies.

With respect to discursive practices, Miller and O'Leary (1987, p. 238) stated that there is no obvious reason why we talk in terms of efficiency and standards. Such notions do not exist or wait in limbo to be discovered. They are the product of a range of discourses and accounting practices. Standard costing, they suggested, is intertwined with other attempts within the enterprise and outside it to embark on a vast project of standardisation and normalisation of the lives of individuals. They went on to further argue that it is to this web of relations between technical requirements and philosophical discourse that one should look in trying to understand the practice of accounting.

Hopwood (1987, p. 210) argued that accounting is not mere technique: knowledge does not stand outside accounting. The technical nature of accounting is infused by a rhetoric of economic and managerial rationality.

Hopwood (1987, p. 213) rejected the view that accounting had its origins within the problems created by the need to manage and co-ordinate a complex

business organisation. He argued accounts were constructed in order to create economic visibility and as a powerful means of governance and control of an organisation along economic lines. Hopwood's (1987, p. 216) case study of the Wedgwood potteries bore out these conclusions:

Being of a curious disposition, Wedgwood soon discovered why the various parts of his accounting experiments did not mesh together. His inquiries revealed a history of embezzlement, blackmail, chicanery, and what Wedgwood called 'extravagance and dissipation'.

Hopwood (1987, p. 225) concluded that such a perspective provided a rich insight into the organisational practice of accounting and its consequences for action. In the case of Wedgwood the emergence of a new accounting was observed. The inter-relationships of an economic discourse and rhetoric provided an incentive for the creation of a practical means for observing the organisation in economic terms, so making real what had been previously abstract.

Salusinszky (1987, p. 124) stated that criticism is not separable from history, since history like criticism is a discourse. Discursive formations can structure thoughts and actions of any individual within a particular culture, and stronger cultures can appropriate weaker ones in discourse. This suggests that the demystification of cultural imperialism could take the form of a critical reading of a specific historical situation.

In this respect the issue of Maori affairs has been part of that appropriation.

From the nineteenth century onwards, Europeans involved in Maori affairs have discussed, analysed, made statements, authorised views, described, taught, settled, ruled over: in short the problem of Maori affairs has become a way of dealing with the Maori - dealing by making statements, dominating, restructuring and having authority on Maori affairs.

Surveillance and Discipline

Foucault (1977) made a distinction between sovereign power and disciplinary power. Sovereign power is identified with the capacity to make laws and enforce them. Persons or institutions with this capacity such as monarchs or the judicial body in a modern state possess sovereign power. The practice of sovereign power involves legislating what is forbidden, and punishing those who offend or otherwise defy authority. Sovereign power is therefore negative and repressive; its ultimate recourse is seizure of things, bodies and ultimately life (Miller and O'Leary, 1987, p. 238).

Foucault (1977) suggested that around the end of the eighteenth century there was a shift from sovereign to disciplinary power. Disciplinary power is aimed at the 'soul' of the individual (Loft, 1988, p.5). The study of disciplinary power is concerned not with centralised or legislative forms of power, but with the application of techniques and practices aimed at rendering the activities of individuals and populations governable. Miller and O'Leary (1987, p. 238) observed:

Disciplinary power is much richer and entails penetrating into the very web of social life through a vast series of regulations and tools for the administration of entire populations and of the minutiae of people's lives. The calculated management of social life is one way of designating the form of operation of disciplinary power.

Implicit and central to all these practices is '**surveillance**', which Foucault (1977) referred to as a mechanism that coerced through the play of the 'gaze'. The aim of the 'gaze' is so to arrange things so that surveillance is permanent in its effects, even if it is discontinuous in action. The perfection of its power should tend to render its actual exercise unnecessary. Thus individuals should feel continuously exposed to the 'gaze' and become unwitting compliants in a power situation.

The ideal representation of disciplinary power and the one chosen by Foucault (1977) is Bentham's Panopticon. The Panopticon is an architectural expression of a mechanism for observation, examination and regulation of people's lives. It is a series of rooms or cells constructed in a circle so that they face a central observation tower. The cells illuminated from the rear, silhouette the occupants and render their actions visible to the tower at all times. This architectural analogy exemplifies two necessary features of disciplinary power: compulsory visibility and continuous surveillance.

It is Foucault's contention (1977) that we are all involved in a disciplinary system, less obvious in its workings than it is in a prison, but similarly having the effect of controlling our behaviour without our knowing it. Surveillance

systems do not have to contain special architectural features; they can be manifested in other forms less physically intrusive while still maintaining the 'gaze' even though the surveillance is invisible. Sheridan (1984, p. 72) commented:

This strategy reflects an economy of power, that is, power exercised to a sufficient degree to have its most intense effect on those who have not committed the crime ... the potential criminal must be convinced that the crime will be detected and punished.

Preston (1989, p. 401) also considered that the threat of detection and punishment is a central element in creating a sense of continuous, anonymous surveillance even though discontinuous in its action. The end result is to produce a 'docile body' to make government easier. Preston (1989, p. 410) declared:

At the social level accounting is seen to be involved in particular social and political activities designed to render visible and, therefore, manageable, the activities of individual organisations and the wider organisational domain. Calculations based upon accounting technology are the basis of government taxation and are a means of promoting and implementing economic policies of the state. For example, accounting knowledge may be used to promote economic stabilisation, the regulation of sectors of industry and in prices and wages control.

Foucault (1977, p. 220) maintained that the rise of the prison as a dominant form of judicial punishment in the eighteenth and nineteenth centuries was not an isolated event. The discipline of the body introduced by the prison gathered together disciplinary codes originating at different points in society. The

confrontation of power and knowledge came to a head in the history of penalty because penal practices pervade society. It became more efficient and profitable in terms of the economy of power to place people under surveillance than to subject them to some exemplary penalty (Foucault, 1980, p. 38).

What was new in the eighteenth century, was that by being combined and generalised, they [the disciplines] attained a level at which the formation of knowledge and the increase of power regularly reinforce one another in a circular process. At this point the disciplines cross the technological threshold. First the hospital, then the school, then later, the workshop were not simply reordered by the disciplines; they became thanks to the disciplines, apparatuses such that any mechanism of objectification could be used in them as an instrument of subjection and any growth in power could give rise in them to possible branches of knowledge... It is a double process, then: an epistemological thaw through a refinement of power relations; a multiplication of the effects of power through the formation and accumulation of new forms of knowledge. (Foucault, 1977, p. 224)

These new forms of knowledge were concerned with the mechanisms of power.

Foucault (1980, p. 39) wrote:

But in thinking of the mechanisms of power, I am thinking rather of its capillary form of existence, the point where power reaches into the very grain of individuals, touches their bodies and inserts itself into their actions and attitudes, their discourses, learning processes and everyday lives.

New forms of knowledge were also concerned with development and diffusion of methods for administering the populations. Foucault (1977, pp. 220-1) commented:

If the economic take-off of the West began with the techniques that

made possible the accumulation of capital, it might perhaps be said that the methods for administering the accumulation of men made possible a political take-off ... In fact the two processes - the accumulation of men and the accumulation of capital - cannot be separated; it would not have been possible to solve the problem of the accumulation of men without the growth of the apparatus of production capable of both sustaining them and using them; conversely the techniques that made the cumulative multiplicity of men useful accelerated the accumulation of capital.

At a more general level what is at issue is a question of the relationship between power and mode of production. The accumulation of capital and of men ('**enclosure**'⁴) is accompanied by strategies for marshalling the productive force of the body, intensifying its productivity by disciplining its movements. The economic use of the body is related to the political use of the body. As labour power was disciplined for productivity, the body was calculatedly nurtured in subjection. The body is directly involved in a political field; power relations have an immediate hold upon it, they invest it, train it, torture it, force it to carry out tasks, to perform ceremonies, to emit signs (Foucault, 1977, p. 25). Such knowledge according to Foucault surfaced in military manuals and was also formulated in Christian schools in which the body was subjected to the regime of pedagogy. It was a knowledge that produced a docile body, and intensified the efficiency and productivity of the body. In other words, human energy, life, must be transformed into a commodity which is continuous and constantly available in the market place (Smart, 1983, p. 114).

⁴ The principle of 'enclosure' refers to a process of controlling individuals by confining them or partitioning them. By enclosing otherwise open spaces problems with transient groups may be avoided, and by locating particular individuals to a definite space tighter control may be exercised.

According to Mackintosh and Hopper (1991), Foucault developed a general model of the way in which individuals are disciplined and controlled. The process of **'subjectification'** involves three inter-related systems: quasi-scientific knowledge, discursive practices and power effects. Quasi-scientific knowledge establishes the subject as knowable and defines the way in which the individual should think, behave and act. Such knowledges, according to Mackintosh and Hopper (1991) objectify the individual according to their own particular definition of the human subject and this occurs not only within vocational disciplines but also within recreational subjects. **'Discursive practices'** refer to the specialised language used by practitioners of their disciplines, and apprentices to such disciplines must acquire these specialised discourses, aptitudes, and behaviour patterns. Thus the **'discursive practices'** of accounting may be seen as a system of **'objectification'** and human endeavour may be viewed in terms of financial criteria such as return on capital invested. The final effect of being measured in terms of financial criteria is the **'subjectification'** of the individuals so measured, that is the production of obedient, docile, reliable bodies (Mackintosh and Hopper, 1991, p. 7). The disciplinary process, outlined by Mackintosh and Hopper (1991), involving **'discursive practices'**, **'objectification'**, and **'subjectification'**, is relevant to the subsequent analysis of the case studies in this thesis.

Foucault (1980, p. 41) also maintained that a 'formidable layer of morality was deposited on the nineteenth century population'. The 'amiable tolerated illegality' of the eighteenth century worried the bourgeoisie and, if industrial

wealth was to be protected, it was absolutely necessary to: "Constitute the populace as a moral subject and to break its commerce with criminality." Therefore criminals were shown to be dangerous not only for the rich but for the poor as well: "Vice-ridden instigators of the gravest social perils." (Foucault, 1980, p. 41). Foucault cited the importance of detective literature and horrific newspaper crime stories in this period. From 1860 in New Zealand a similar anti-Maori theme developed in newspapers of the period (see Chapter 2).

It was in the course of the eighteenth century that discipline - the methods of observation, recording, calculation, regulation and training became a general formula of domination. The principal reference of disciplinary power has been the whole domain of the non-conforming; its objective the process of individualisation - the control of individuals through training and normalisation. The techniques involved have included enclosure, visibility, and surveillance to maintain individuals in their subjection directed to increasing their utility and to optimising their productivity (Smart, 1983, p. 110).

Increased productivity also brought about an increased use of accounting and required a greater supply of people schooled in quantitative skills and literate enough to keep neatly more complex sets of accounts for record and information purposes. It was no coincidence that the concept of universal schooling developed in response to increased industrialisation and sought to produce a population disciplined to respond and think in terms of quantitative standards. Foucault (1977, p. 193) wrote of the school examination system

that it:

... introduced a new principle of individual accountability by affording a numerical "objective" judgement on the person, thus substituting for the individuality of memorable man that of calculable man.

Historical experience suggests that populations unschooled to respond and think in quantitative terms were disadvantaged by the changes brought by European colonisers. Thus in Africa, Australia, and New Zealand, for example, the indigenous peoples were confronted by a disciplinary power-knowledge regime which advantaged 'calculable man' rather than 'memorable man'. Accounting, it is argued, thrives and contributes to the emerging dominance of a regime of calculability (Hoskin and Macve, 1991, p. 11).

When capitalism had superseded the feudal system in Europe and replaced agrarian subsistence based culture with a cash-based market exchange system, bonded labour was also re-constituted into wage labour (Mackintosh and Hopper, 1991, p. 43). A similar process recurred wherever Europeans came into contact with traditional land-based indigenous cultures: labour was commodified. Perhaps, surprisingly in the circumstances, for some time (30 years), Maori culture coped well with the challenge provided by the market driven exchange society and retained its traditional economy. But from the 1870s massive land transfers began to erode the basis of Maori tribal society (Ward, 1988, p. 173).

It is argued that the practice of accounting was essential to the development of a cash based market exchange system in New Zealand. Immigrant

bookkeepers, clerks, merchants and other related occupations advanced the European values they had internalised and had been disciplined to reproduce. Such values included the concepts of individual ownership, economic growth, maximisation of profit, competition and capital accumulation. These values permitted the expropriation of wealth through the sanctioning of unequal exchanges. Moreover, as Foucault (1980, p. 17) argued the new immigrants had every reason to share bourgeois values:

Those who were sent to the colonies did not take on proletarian status. They were used as cadres, administrative functionaries, as tools of surveillance and control over colonised peoples.

Foucault (1980, p. 17) went on to suggest that to avoid an alliance forming between the colonised peoples (in this case Maori) and the 'lesser' whites a rigid racist ideology was foisted on the new immigrants, "Watch out, you'll be living among cannibals." According to Foucault a whole system of values was maintained and imposed by the teaching of morality in primary schools in the nineteenth century, values which were disguised as the teaching of literacy, reading and writing.

Perhaps because of their internalised values, Tinker (1985) maintained that accountants should not be seen as harmless bookkeepers:

... but as arbiters in social conflict, as architects in unequal exchanges, as instruments of alienation, and as accomplices in the expropriation of the life experiences of others (p. xvi).

It is with the role of an accountant as an arbiter, adjudicator and accomplice that these case studies of New Zealand accounting practices are concerned.

Some accounting theorists like Yamey (1949) have argued that the origins of accounting were in the development of bookkeeping and, as such accounting history can be explained in terms of advances in the techniques of bookkeeping. Furthermore Yamey (1949) maintained that as a mechanical system: "Accounting served limited objectives and, in particular, the striking of balances was performed primarily for narrow bookkeeping purposes." (p. 113) Because bookkeeping was a mechanism by which transactions were recorded and books were balanced, such a process would of necessity be neutral on questions of value and behaviour.

An authoritative view of the accountant as recorder and classifier was expressed by Paton and Littleton (1940) and this view has helped to give accountancy its aura of objectivity. Many accountants are comfortable with the school of thought that accounting is a neutral and objective recording mechanism. Moreover, in the interests of appearing independent and objective, some accountants are content to undervalue their own powerful position within society, though as Hoskin and Macve (1986, pp. 105-6) observed: "How then is one to explain the modern significance of accounting and the ample rewards that accrue to its practitioners?" Or expressed another way: "The interesting question is why and how some knowledges that have been marginal (like accounting before the nineteenth century) become powerful" (Hoskin and

Macve, 1991, p. 10).

From 1840 to 1870 New Zealand was a Maori society in which a place had to be found for Europeans. From 1870 to 1935, a period of transition occurred, power was wrested from Maori communities and New Zealand increasingly became a European society with a growing urban and unemployed Maori population. It is argued that Maori were gradually urbanised because they committed 'economic crimes', that is they resisted the principle of '**enclosure**'. Before 1865, Maori land was not partitioned and Maori groups fished, snared, gathered and planted from a wide area of forest and coastline. Thus individuals were difficult to locate and supervise. Mackintosh and Hopper (1991, p. 9) observed:

Enclosure, confinement, and partitioning were the necessary first steps for turning a heterogeneous mass of humans into a homogeneous social order. With each individual in his or her own space and importantly, each space with its own individual, the troublesome aspect of large transient groups and their confused collective dispositions could be avoided. As well, vagabonds, deserters, and absentees could be recognized at once.

Enclosure and partitioning also made it possible to convert each site into a functionally useful place where tight control could be exercised over each individual.

Foucault (1977, p. 77) with reference to the eighteenth century, maintained that legal reform was geared towards the strategic objective of a closer surveillance of the population and a finer control of 'illegal' activities which threatened the emergent social and economic order. Because of New Zealand's late

development, the eighteenth century legal reform referred to by Foucault began late in the nineteenth century. Maori, (see Chapter 2) resisted such reforms and for some time challenged the European right to legislate over their lands. By clinging to their traditional methods of production, resisting European encroachment and surveillance on their lands and ignoring the judgements of European courts, Maori threatened European legal reform and the emergent social and economic order. The human disciplines, perhaps including accounting, assisted the emergence of a new social order by their control techniques (normalisation, enclosure and surveillance), and by constructing exchanges which resulted in Maori drifting to the towns and becoming dependent on government support and control.

Although, in the cases illustrated, accounting was used to support the process of capital accumulation, Foucault (1980, p. 118) claimed that Marxists exaggerate the importance of ideology as a vehicle of power relations, and for this reason ideology is not emphasised. Foucault (1978, p. 140) maintained that while power relations may be conditioned by economic relations, it is more likely that economic relations may be conditioned by power relations.

Because Maori resisted legal reform they became a particular target of disciplinary power and were a population which needed to be administered - a process Foucault (1977) referred to as the 'accumulation of men' (or 'enclosure'). As their economic independence declined so Maori gradually became subjected to the disciplinary techniques of modern society in the form

of increased surveillance, control, and normalisation. Foucault did not regard these disciplinary techniques as stratagems by the bourgeois to serve their own narrow economic and political interests even though they may have had that effect. He saw power relations as not unified around one central principle but as only being made intelligible in terms of strategic objectives. Thus, in New Zealand such objectives as population control, order, normalisation, and surveillance may have served only incidentally to benefit the process of capital accumulation and was not an end in itself. Such strategic objectives could just as well as served the interests of a totalitarian dictatorship if that kind of organisation had been responsible for production. Smart (1983, p. 114) maintained that although the growth of a capitalist economy has been associated with the formation of the disciplinary society, disciplinary practices linked with the emergence of the human sciences remain inexplicable in terms of deductions from the economy.

Finally, the process by which the bourgeois became the politically dominant social class has been concealed according to Foucault (cited in Smart, 1983, p. 114) by the existence of a formal egalitarian juridical framework, which in principle guaranteed a system of equal rights. Beneath the formal egalitarian structure was a network of micro powers, the disciplines, which are non-egalitarian and ultimately 'counter-law'. The disciplines represent the reality of the functioning of power, and evade and undermine the formal juridical limitations on the exercise of power while at the same time guaranteeing the submission of bodies. In 1840 the Treaty guaranteed Maori equal rights under

the law, but from 1870 those rights, it is argued, were undermined by the human disciplines imposing their own micro powers of **normalisation**, and **enclosure**.

Power and Knowledge

It is useful to begin this section with Foucault's aversion to the question 'what is power?'. For Foucault, this question was secondary to the question 'how is power exercised?' (Cousins and Hussain, 1984, p. 227) The 'how' question took on a particular meaning for Foucault. He asked "'How' not in the sense of 'How does [power] manifest itself?' but 'By what means is it exercised?' and 'What happens when individuals exert (as they say) power over others?'" (Foucault, 1982, p. 217)

Somewhat enigmatically, though, Foucault approached the question 'what is power?' - through his analysis of power relations. He presented a series of propositions about power in The history of sexuality, propositions which can be construed to provide a rationale for the present study. First, power relations are "non-egalitarian and mobile". Dreyfus and Rabinow (1982) elaborated on this assertion:

Power is not a commodity, a position, a prize or a plot; it is the operation of the political technologies throughout the social body. The functioning of these political rituals of power is exactly what sets up the non-egalitarian, asymmetrical relations (p. 185)

The exercise of power in organisations is interesting precisely because it is not

fixed - although there are, no doubt, attempts to establish it as fixed. Moreover, there are those who benefit from the exercise of power just as there are those who suffer (Foucault, 1977b, p. 213). In Foucault's terms, all individuals are "enmeshed in a web of power relations".

This situation brings us to the second of Foucault's propositions: power is not restricted to political institutions. For Foucault, power is multi-directional, operating from the top down and also from the bottom up. It may have as its locus institutions or organisations but neither of these are identical with power. Unless the operation of power is understood, it is possible to continue under the illusion that power is only applied by those at the top to those at the bottom. Power should be examined where it lies as opposed to where it is perceived to lie. Foucault admitted that it is not always easy to identify exactly where power lies: "... it is always being exerted in a particular direction, with some people on one side and some on the other (cited in Lemert and Gillan, 1982, p. 111).

Foucault's third proposition was that power relations are 'intentional and non-subjective'. "They are imbued through and through with calculation: there is no power that is exercised without a series of aims and objectives" (1980b, p. 95). The exercise of power is always deliberate, although, it would seem, not always recognised as such. Researchers should seek to establish **what the intentions behind the exercise of power are**, not so much the intentions of individuals but those of the practices which have been formulated to effect the operation of the institution or organisation in a particular way. Foucault told

us that in order to arrive at:

a grid of intelligibility of the social order ... one needs to be nominalistic, no doubt: power is not an institution, and not a structure; neither is it a certain strength we are endowed with; it is the name that one attributes to a complex strategic relationship in a particular society (1980, p. 93).

Dreyfus and Rabinow (1982) explained the somewhat nebulous nature of power as involving a push towards a strategic objective although it appears that no one is pushing. The objective, they explained, "emerged historically, taking particular forms and encountering specific obstacles, conditions and resistances" (p. 187). Although will and calculation were involved, the overall effect escapes the actors' intentions, as well as those of anybody else (p. 187).

Power, for Foucault, was bound up with knowledge.

We should admit that power produces knowledge (and not simply by encouraging it because it serves power or by applying it because it is useful); that power and knowledge directly imply one another; that there is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations (1977, p. 27).

This thesis looks therefore at the exercise of power, an issue which was for Foucault the central issue of our time, although the exercise of power is an issue which is not empirically demonstrable but rather emerges as an interpretation.

Apart from the relationship between power and knowledge, Foucault was also

concerned with the relationship between power and truth. Foucault (1980, p. 93) later referred to a triangle of power comprising power, right and truth. He maintained that we are subjected to the production of truth through power and we cannot exercise power except through the production of truth. We are forced to produce the power of truth that our society demands and of which it has need in order to function. We must speak the truth, confess the truth or discover the truth. Power never ceases its interrogation, its registration of truth: it institutionalises, professionalises, and rewards its pursuit. In the last analysis, we must produce truth as we must produce wealth, indeed we must produce truth in order to produce wealth. The rules of right (a Foucauldian term referring to the constraints society places on the use of power) provide a formal delimitation of power. The practice of accountancy also plays a part in seeking truth, and the rules of right are set down in the various 'standards' that are promulgated by the profession. These rules, however, may be changed quite arbitrarily at times to serve the interests of power as the recent changes to the New Zealand accounting standard SSAP 17 (valuation of property) outlined by Rahman, Ng and Tower (1990) demonstrated.⁵

The same argument is used by Robinson and Dermer (1991). They suggested that the support for ambiguous accounting standards is found in the need of a

⁵ In 1985 companies wanted to record increases in property values as a form of revenue, so a standard (SSAP 17) was developed to meet this need. When in 1987 property values declined accountants and auditors were reluctant to register their client's losses. Because of this breach the standard was withdrawn in 1989. The then president of the New Society of Accountants, Ron Eglington declared: "It is not realistic to impose a standard which a significant proportion of the investment community does not accept."

dominant capitalist hegemony to maintain its position by controlling the images of companies that accounting creates. They maintained: "Thus, the accounting profession prefers ambiguous accounting standards, and gains its support from a dominant group of capitalists and managers with the same preference" (p. 1). Robinson and Dermer (1991) concluded that accountants' claims that the standards represent 'truth' or the most efficient method of contracting between equals should be re-examined in the light of the social interests involved.

For Foucault (1980) truth is not the reward of free spirits, the child of solitude, nor the privilege of the liberated. Truth is produced by constraint, and it induces regular effects of power. Each society has its '**regime of truth**', its 'general politics' of truth; that is the discourse which it accepts and makes function as true. Each society has its mechanisms to distinguish between true and false statements; the means by which each is sanctioned; the techniques and procedures which are accorded value in the acquisition of truth; and a way of establishing the status of those charged with saying what counts as true.

In our society 'truth', according to Foucault (1980, p. 131), is centred on scientific discourse and the institutions which produce it; it is subject to constant economic and political incitement; it is the object of immense diffusion and consumption through the education system; and it is the issue of social confrontation and ideological struggle. The essential political problem for the intellectual is not to criticise the ideological contents supposedly linked to science, but to ascertain the possibility of a new politics of truth. The problem

is not to change people's consciousness, but the political regime of the production of truth. Foucault (1980, p. 133) declared that it is not a matter of emancipating truth from every system of power, which is impossible as truth is power, but of detaching the power of truth from hegemony in social, economic and cultural affairs.

Foucault (1980, p. 96) advised that analysis should not be concerned with the regulated forms of legitimate power in central locations, but should be concerned with power at the extremities; that is in regional and local forms. The paramount concern should be with the point where power surmounts the rules of right which organise and delimit it. Such power extends beyond the rules of right, becomes embodied in techniques, invests itself in institutions and eventually even justifies violent means of material intervention (e.g. the New Zealand land market in the nineteenth and early twentieth centuries). In other words, one should always try to locate power at the extreme where it is less than legal in character. These basic prescriptions of Foucault are used to analyse the case studies presented.

Foucault (1980, p. 97) further maintained that researchers should avoid questions such as: "Who then has power and what has he in mind? What is the aim of someone who possesses power?" Instead, they should study power at the point where its intention is completely invested in its real and effective practices, at that point where it is in direct relationship with its target, its field of application, where indeed it installs itself and produces its real effects.

Foucault (1980, p. 97) argued:

Let us not, therefore, ask why certain people want to dominate, what they seek, what is their overall strategy. Let us ask, instead, how things work at the level of on-going subjugation, at the level of those continuous and uninterrupted processes which subject our bodies, govern our gestures, dictate our behaviours etc. In other words, rather than ask ourselves how the sovereign appears to us in his lofty isolation, we should try to discover how it is that subjects are gradually, progressively, really and materially constituted through a multiplicity of organisms , forces, energies, materials, desires, thoughts, etc.

Foucault (1980, p. 98) believed that we must study the myriad of bodies which are constituted as peripheral subjects as a result of the effects of power. This thesis incorporates this recommendation and the practice of accounting is viewed as an effect of power.

Foucault's argument, according to Miller and O'Leary (1987, p. 238), is expressed in the formula 'power/knowledge' and the 'constitutive independence' of the two terms of the equation. The operation of human sciences should be understood in relation to an elaborate range of techniques for supervising and administering populations. For example, accounting serves to construct a particular field of visibility with respect to crucial aspects of the functioning of an enterprise. This process of rendering visibility alights on individuals within the enterprise by surrounding such individuals with norms and standards. Accounting systems separate workers from their employers and help to avoid direct confrontations involving both parties as it is the worker who is more likely to depart from the established norm and standards. Miller and O'Leary (1987,

p. 239) declared:

It is for this reason that we talk of standard costing as being located within a significant reorientation of the exercise of power within the enterprise. ... Accounting can no longer be regarded as a neutral and objective process. It comes to be viewed as an important part of a network of power relations which are built into the very fabric of organisational and social life.

Thus the knowledge that accountants gather from their recording systems is an important source of power within an organisational structure as it makes the activities within an organisation 'visible' in terms of monetary values, for example, wastage, business lunches, etc (Burchell, et al., 1985, p. 397). Loft (1986, p. 139) considered that such knowledge may, at first sight, appear to be an inanimate one of prices, costs, profits etc., but this is a misleading impression. The knowledge only has its meaning in its relationship to the activities and actions of individuals, and it is intimately related to power. Hopper and Armstrong (1991) endorsed this view of the purpose of accounting controls and cited, in particular, the destruction of subcontracting and craft controls. Their point was to show that accounting controls were not simply the product of a drive to greater efficiency but part of a wider social and political conflict to control labour processes.

Foucault (1977 and 1980) emphasised the ways in which knowledge and power are closely linked. He considered not only how knowledge enabled the exercising of power but also how power tends to generate systems which produce knowledge. Smart (1983, p. 115) referred to this circular process

when he described how the disciplines with their specialised discursive practices became institutions for the accumulation of knowledge. The accumulated knowledge was then employed as an instrument of domination generating further increases in power and further additions to knowledge. From this perspective Loft (1986, p. 140) argued that the system of accounting which produces knowledge is itself a product of the operation of power.

Records are not just an enabling device for power to use; the creation of a record is an act of power itself. Not only does it represent the result of a choice concerning what is important in the organisation but its creation can induce obedience. (Loft, 1988, p. 35)

Loft (1988, p. 22) maintained that record-keeping should be seen as human science which creates and applies knowledge about people while reducing them to ciphers on a page.

Loft (1986, p. 141) supported the argument that accounting in practice is a power system seeking 'truth'. She maintained that probing, investigating, questioning and requesting explanation are all implicated in a system which creates specific 'truth'. The exercising of power produces a 'reality' where the value of activities and events is of a carefully measured significance proportionate to monetary value. Through accounting a 'regime of truth' is formed about events. Such 'truths' produced by accounting are very positive and highly specific and tend to exclude attention from a whole range of other social, political, historical, moral and environmental issues. It is these other 'excluded' issues which tend to be the focus of this thesis.

Knights and Collinson (1987, p. 471), in their study of redundancy in a factory, found that accounting knowledge was more effective as a disciplinary strategy than the company's psychological strategies:

Although it was in principle possible to query the accounts which justified this large scale redundancy, stewards were unable to muster any significant shopfloor opposition to the audit. Despite pervasive worker mistrust of management, antagonism to the company's psychological disciplinary strategies and the poor job prospects in the North of England, the workforce failed to resist the financial audit which led to their unemployment.

Once again it would appear accounting 'truths' are more acceptable because they are positive and highly specific and exclude attention from other issues. Knights and Collinson (1987, p. 474) found, that despite successful worker opposition to managerial psychological forms of discipline, the shopfloor could not muster a challenge to the power/knowledge regime of accounting. The redundancy and the supporting financial accounts were taken at face value and accepted fatalistically.

Knights and Collinson (1987, pp. 458) also found that accounting knowledge was class specific and reflected and reproduced the prevailing power/knowledge regime. This combination of power/knowledge and class inequalities rendered labour overwhelmingly disadvantaged in resisting financial discipline. Knights and Collinson (1987, p. 475), in recognising the enormous disciplinary power of accounting knowledge, urged the audience of academic accountants to give more attention to the moral and political consequences of

their practice.

Hoskin and Macve (1986, p. 106) suggested that: "A history of accounting and an understanding of its power in modern society might be written in terms of Michel Foucault's theory of 'power/knowledge' relations." That is: power is knowledge and knowledge gives power. Furthermore they point out that: "Modern scholars are agreed that its primary function was not balancing the books per se, but in affording a new measure of control over the flow of goods, over excessive monetary outgoings, and over subordinates, particularly the last" (p. 106). Accounting information can therefore be used to control goods, money and people.

Foucault's most Marxian idea, according to Lemert and Gillan (1982, p. 129), was that the social scientific disciplines were crucial to the capitalist mode of production's requirement that labour power be disciplined as the basic means for controlling productivity, hence increasing the surplus value necessary for the accumulation of capital. Thus, when accounting historians such as Yamey explain the development of accounting as a series of technical advances, they have effectively segregated science from ideology. Foucault (1972, p. 194) disagreed with such segregation and argued that knowledge should be analysed:

- in the direction of its behaviour, struggles, conflicts, decisions and tactics. One would thus reveal a body of political knowledge that is not some kind of secondary theorising about practice, nor the application of theory."

Thus, the political knowledge gained from accounting may be used to exert power in a particular direction and construct accounting 'rules' that claim neutrality and objectivity.

It is argued that regimes of local power-knowledge-truth (as administered by New Zealand accountants, lawyers, and local government officers), and the disciplinary power of the accounting 'gaze' facilitated the advancement of particular interests. Such '**regimes of truth**' were not advanced without conflict and some examples of Maori 'resistance' are provided in the following chapters.

Foucault (1978, p. 95) observed:

The very existence of power is seen as relying upon a multiplicity of points of resistance which play the role of adversary, target, support, or handle within power relationships. Thus resistance is inconceivable without discipline... The existence of resistance does not mean that discipline is threatened. It means that discipline can grow stronger knowing where its next efforts must be directed.

It is argued in this thesis that the original landowners of New Zealand were brought to economic and social decline, in part, by the process of **normalisation** directed by professional men, including accountants. Without supporting '**adjudication**' by such 'judges of normality' (Foucault, 1977, p. 304) as lawyers, surveyors, local government officials and accountants, many of the landowners with large estates could not have functioned successfully and the disciplinary power system dominated by such landowners would have been threatened.

Foucault (1977, p. 304) maintained: "The judges of normality are present everywhere. We are in the society of the teacher-judge, the doctor-judge, the educator-judge, the social worker-judge. It is on them that the universal reign of the normative is based." In this context we could equally as well add the accountant-judge, and the lawyer-judge to Foucault's list. Foucault (1977b, p. 213) maintained:

It is often difficult to say who holds power in a precise sense, but it is easy to see who lacks power. We know with reasonable certainty who exploits others, who receives profits, which people are involved and we know how these funds are reinvested ... it is easy to see who lacks power.

In terms of the above statement Maori economic vulnerability can be explained by their lack of power and that they were victims of 'some people' exerting power in a particular direction. Although the statement that 'some people' exert power is vague, Foucault (1977b, p. 213) warned against trying to be more precise because: "Everywhere power exists and everywhere it is being exercised."

Power, argued Foucault (1980, p. 89), is destined to realise, consolidate, maintain, and reproduce relations appropriate to the economy and its functioning. Power is neither given, nor exchanged, nor recovered, but rather 'exercised' and it 'exists only in action'. Power is not, primarily, the maintenance and reproduction of economic relations, but is above all a relation of force. Questions to be posed by a researcher should be these (Foucault,

1980, p. 89): "If power is exercised, what sort of exercise does it involve? Of what does it consist? What is its mechanism?"

Another feature of the nature of power (Foucault, 1980, p. 92) is that it is 'something' which circulates. It is never in anybody's hands like a commodity or piece of wealth. Power is employed and exercised through a net-like organisation. Individuals circulate through the net, simultaneously undergoing and exercising power. They are both its consenting target and its element of articulation: they are vehicles of power. An analysis of power according to Foucault (1980, p. 99) should not be conducted from the top-down, but by ascending from infinitesimal mechanisms which each have their own history. It can then be seen how much each mechanism has been colonised, invested, utilised, transformed, displaced, extended by more general mechanisms and by forms of global domination. The global domination coming from economic interests which engage with different technologies (such as accounting) act as power autonomies. An analysis of power should be based, not on juridical sovereignty or state institutions, but on the techniques and tactics of domination. Thus disciplinary mechanisms base their ascent to power on technologies tied to scientific knowledge against which there is no recourse.

Foucault (1980, p. 119) also explained why power is accepted. It is because it is not just a force that says 'no', but one that also produces things, induces pleasure, forms knowledge, enables discourse. It is a productive network which runs through the social body, and is much more than a negative instance

whose sole function is repression. The present form of power came into being in the eighteenth century and began to exercise itself through social production and social service. It became a matter of obtaining productive service from individuals and power had to be incorporated into their bodies, acts, attitudes and behaviour. Hence the significance of methods like school discipline in manipulating and conditioning minds and bodies.

Finally, in this discussion of power/knowledge, it is worth noting the observation of Armstrong (1991, p. 5):

The core presupposition of most Foucauldian studies of accounting is that it is involved in this modern form of power, that accounting, far from merely providing information and from remaining neutral with respect to the use which that information is put, is actually a form of 'power-knowledge' which actively creates those aspects of human behaviour inextricably implicated in regimes of disciplinary power.

It is with the concept of accounting as a modern form of power/knowledge and with the argument that accounting became a modern form of power during the 19th century that this thesis is concerned.

Criticisms of Foucault's Perspectives

Neimark (1990), while acknowledging the Foucauldian opposition to modernist belief systems and the emphasis on the contingent and social nature of ideas, pointed out that such criticism implied the end of philosophy. Moreover, accounting criticisms informed by Foucault's works suffer from the same

disadvantage: they share a common, postmodernist effort to tear accounting from its foundations in modernist ontology and epistemology. They wish to situate accounting criticism in the postmodernist world of lived experience as both a product of social construction and as an architect of social experience. However, the postmodernist impact is problematic and has sometimes tended to impede rather than advance critical accounting thought (p. 106). For example, accounting theorists have used Foucault's emancipatory insights in purely descriptive postures and therefore have nothing new to offer.

Neimark (1990, p. 107) rejected Foucault's (1980) pessimistic conclusion that we cannot escape from the regimes of power and knowledge to some transcendental regime of emancipation and truth. Foucault (1980) claimed that the best we can do is move from one regime of power and knowledge to another. All criticism can do is seek to change, if only for the moment, by taking up local struggles in order to detach the power of truth from forms of hegemony - social, economic, and cultural - within which it operates at the present time.

Neimark (1990, p. 107) also rejected Foucault's emphasis on the constitutive role of language (language is not merely what we say, but what we are and what we do) because this emphasis, by implication, ignored the broader materialistic emphasis of Marx. Neimark (1990) argued that Foucault and his accounting disciples, for this reason, fail to consider the cruder but no less significant fields of social combat in work experiences, class struggle, patriarchy

and imperialism.

Neimark (1990, p. 108) concluded that Foucauldians in accounting also share the postmodern philosophers fascination with texts and their antipathy to the material world of work and power. In other words, it is not language but the material world which should be the object of accounting thought and research. For example, Hoskin and Macve (1986) explained the development of accounting in terms of written examinations; they dismissed the role of the industrial revolution, and did not consider the roles of the joint stock companies or financial markets.

Burchell et al., (1985, p. 402) concluded their study of the social nature of accounting practice, by stating that they were not offering a general theory of accounting change as everything depends on the circumstances under which change occurs. It was an observation which Neimark (1990) found remarkably shallow. Because they had so little to offer to a general understanding of the role of accounting theory and practice in society she considered their paper meaningless. Although some may consider the demand for a general theory of accounting change to be naive and reflecting a positivist epistemology. For example, the exercise of power as an agent of change is not empirically demonstrable but rather emerges as an interpretation. Moreover, all interpretations are contingent upon the data examined.

Miller and O'Leary (1987) were also criticised by Neimark (1990). Their social

interpretation of accounting based on historical case studies, while showing how budgets and standard costs created a more manageable and efficient individual, failed to uncover the inter-play between these discourses and practices and the dynamics of capital accumulation. Miller and O'Leary (1987) wrote of an 'ideology of efficiency', but they did not examine the social relations this ideology attempted to sustain, or address the question of efficiency for whom.

More generally Neimark (1990, p. 110) considered that Foucauldians take a passive and sterile view not so much of the uses of power, but of how and why power is gained, and retained. They do not see accounting's links with, and allegiances to, power and knowledge in capitalist society, and its complicity in class conflict. This myopia permits them to maintain the fiction of being non-partisans in the social conflicts in which accounting discourses and practices are enmeshed. Neimark (1990) claimed that: "Its scholars are caught in a web of power relations, free-floating language games, discourses and ad hoc constellations that they endlessly and 'neutrally' describe (p. 110). Critical accountants, according to Neimark (1990) should aspire to change not describe the world.

Armstrong (1991) has also emerged as a strong critic of Foucault and more particularly of those adopting a Foucauldian approach. While he admitted a usefulness to genealogical analysis and to the questioning of the facticity and neutrality of accounting information, he identified weaknesses in the

Foucauldian perspective:

A perspective which cannot theorise such commonplaces as variety and change in accounting systems, cannot explain resistance to them and cannot conceive of a 'lack of fit' between accounting and other aspects of managerial control is unlikely to commend itself to the uncommitted. (p. 20)

Foucault's theories, Armstrong (1991) maintained, generalise too freely and are unable to account for the fine detail of accounting change.⁶

It is nothing more than evasion to claim, as Foucault sometimes did (and as postmodern organisation theorists do increasingly), to be telling only one story amongst the many possible. It is hard to see how the adequacy of a genealogy can be judged in terms other than those of influence and causality. (p. 18)

Armstrong (1991) considered that Foucauldian power theories were also 'insensitive' to the difference between bureaucratic performance rules and accounting measures of outcome. He argued that methods were never specified within accounting systems only results. Variations in method and procedure, within the achievement of standard costs and budgetary targets are invisible to an accounting system, whereas they are central to systems of disciplinary control. This may mean discourses associated with accounting control systems differ in important ways from those of disciplinary surveillance.

⁶ It has to be admitted that the tendency to generalise freely from genealogical studies is a weakness of the method. Foucault (1977, p. 228) exemplifies this tendency when he claims that modern society's institutions arose out of the prison: "Is it surprising that prisons resemble factories, schools, barracks, hospitals, which all resemble prisons."

For example, Foucault's theory that all disciplinary practice (including accounting) has its roots in the modern prison is suspect.

Armstrong (1991) argued that many of the problems arising from Foucault's theorisation of power stem from a neglect of purpose, especially the purpose for which it is exercised. Such a neglect not only denied any possibility of emancipation but also promoted a 'monolithic totalising tendency' in Foucault's work. Thus disciplinary power spread from prisons to factories because of their efficiency, and then the argument appears to stop. Such an argument does not satisfactorily account for the diffusion of disciplinary power. Armstrong (1991) critically suggested that educational institutions present a better case for explaining the diffusion of disciplinary power than prisons - if only because the educated 'inmates' of the former are in a better position to mould the 'inmates' of other institutions.

Armstrong maintained that the only way forward is to re-introduce economic theories within the Foucauldian idiom. He commended Hoskin and Macve (1986, 1988) for being willing to use their substantive research to revise Foucault, while pointing out that other accounting researchers have been diffident in this respect. Typically, Armstrong (1991) argued, Foucauldian accounting research proceeds only outwards from Foucault's concepts rather than back into them after an encounter with empirical data. The problem of resistance to disciplinary power is not possible within a Foucauldian framework, yet it occurred, and Armstrong argued that this presented Foucauldian theorists

with the choice of either ignoring it or analysing it within some other framework.

Burrell (1991) criticised Armstrong's arguments for attempting to present Foucault's theories as a 'monolithic view', based on one conception when the reality of his achievement rested in his reluctance to be stationary and be fixed. Burrell pointed out that Foucault's critics want to know what the 'essential' Foucault thought and wrote when his approach was not to follow any method through in any consistent way. This desire for the 'essential' Foucault has arisen because of current pre-occupations among accounting researchers for 'substantive theories and analytic methods'. Armstrong's criticism of Foucault is enhanced by reducing Foucault and severing the philosopher from the social theorist to create a much more easily entrapped type of writing. Burrell (1991) considered this immobilisation to be a grave mistake. By neglecting the self negating philosophy in Foucault it is possible to transfix the work to some extent but at considerable cost. The cost being to ignore Foucault's dynamism, his ellipsis, his self-contradictions, his inversions and his paradoxes.

With reference to the specific criticisms of the adequacy of Foucault's genealogy and the need to judge it in terms of influence and causality, Burrell (1991) considered this to reveal more about Armstrong's discipline and epistemology than demonstrate any weakness in Foucault's method. Problems of causality rest on a Newtonian view of the world and how elements within a natural and social life operate. Foucault's unwillingness to be pinned down, Burrell maintained, should be seen as a strength not a weakness.

Foucault's lack of any adequate theory of resistance was acknowledged by Burrell, but only because resistance is an intimate intertwined part of discipline.

Resistance makes clear the target that discipline must direct itself against, by resisting one controls oneself and by disciplining others one resists one's own disciplining by abandoning (however briefly) one's own self-imposed self-reflection. To have a theory of resistance independent of a theory of disciplining is to conceptualise them as separable both analytically and politically under power-knowledge. (Burrell, 1991, p. 2)

Burrell (1991) also rejected the image of Foucault as a totalising thinker. He argued that Foucault's relativism is such that he moved from one position to another and his notion of a carceral society is not totalising for Foucault recognised its incompleteness. In summary, Burrell (1991) considered Armstrong's criticism of Foucault to be guilty of abstracting from Foucault to suit the criticism while ignoring the full context of Foucault's work. Perhaps, such criticisms are understandable among intellectuals from different disciplines and inculcated in different epistemologies.

Chapter Summary and Conclusion

Foucault (1980, p. 78) admitted that his writings were often repetitive, fragmentary, disconnected, inconclusive, even tangled up and indecipherable. But he believed he left important trails to be followed. Sometimes, he declared: "They were merely lines laid down for you to pursue or to divert elsewhere, or for me to re-design as the case may be." Three main trails have been

followed: the importance of discourse, discipline/control and power/knowledge. The linkage between these three themes is emphasised and some of the underlying principles involved have been highlighted in the text because they are used to critically interpret the empirical data. The method by which these principles are employed is one of the features of the next chapter.

Finally, if Foucault poses a challenge to history, it is not to question the reality of the past, but to interrogate the rationality of the present. Thus the aim of this thesis is to examine the problem as to why accounting has grown from its humble bookkeeping origins to an influential profession and to offer some useful insights into why and how accounting has become powerful.

CHAPTER 4

GENEALOGICAL METHODOLOGY

Introduction

The purpose of this chapter is to discuss genealogical methodology, outline Foucault's descriptions of his methods, discuss these methods and their application with reference to some Foucauldian writers and consider how accounting writers have interpreted his methodological approach. Finally a summary of the approach adopted in this thesis is developed.

The Genealogical Perspective

Foucault (1977 and 1980) promotes a genealogical perspective as a method of understanding power relations. The genealogical perspective Foucault outlined is one which provides a meticulous account of the conditions under which institutions and the disciplinary techniques used to manage them were developed. Foucault explained his concept of genealogy as follows: "Let us give the term genealogy to the union of erudite knowledge and local memories which allows us to establish a historical knowledge of struggles and to make use of this knowledge tactically today" (Foucault, 1980, p. 83). Genealogy is concerned with what Foucault called 'the insurrection of subjugated knowledges'.

The genealogical project does not unfold via empiricism or via positivism. Genealogies are anti-sciences; though they are not concerned with denial of

knowledge, but with the 'insurrection of knowledges'. These are not opposed to the contents, methods, or concepts of a science but to the centralising powers of organised scientific discourse within our society. It is against the power of scientific discourse that genealogy must wage its struggle. (Foucault, 1980, p. 83).

A genealogy should be seen as an attempt to emancipate historical knowledges from subjection, to render them capable of struggle against the coercion of a theoretical, unitary, formal, scientific discourse. Genealogies are concerned to give attention to local, discontinuous, disqualified, knowledges. From such disqualified knowledges, according to Smart (1983, p. 135), critical discourses may be produced.

The function of such discourses is to interrupt the smooth passage of 'regimes of truth', to disrupt those forms of knowledge which have assumed a self-evident quality, and to engender a state of uncertainty in those responsible for servicing the network of power-knowledge relations, for example 'the judges of normality'. Therefore, at the very heart of genealogical analysis, is the activity of the critique, rather than, for example, the provision of programmes, prophecies, or policies (Smart, 1983, p. 135).

Thus genealogy and the critical discourses it engenders is concerned with what Foucault (1980, p. 81) called the insurrection of subjugated knowledges. This type of knowledge is subjugated because its contents have been buried and disguised in functionalist systemisation. Subjugated knowledge is present, but requires scholarship to reveal its significance. Such knowledge is a kind of local popular knowledge, a differential knowledge incapable of unanimity which

owes its force only to the harshness with which it is opposed by everything surrounding it. It is through the re-appearance of these local popular knowledges, these disqualified knowledges, that criticism performs its work. What, in fact, subjugated knowledges are really concerned with is the historical knowledge of struggles. In the specialised areas of erudition, as in the disqualified popular knowledge, there lies the memory of hostile encounters which even up to this day have been confined to the margins of knowledge.

According to Burrell (1988, p. 225) genealogy is concerned with locating traces of the present in the past, not with the reconstruction of the past. But, as pointed out by Miller and O'Leary (1987), this does not entail looking for a single point in history which would be the point of origin of our current practices. "The emergence of our contemporary beliefs is viewed rather by reference to a complex of dispersed events." (Miller and O'Leary, 1987, p. 237)

This thesis critically studies aspects of marginalised and hostile encounters in New Zealand accounting history from documented evidence as it exists in record form. As Miller and O'Leary (1987, p. 237) stated:

The notion of genealogy is deceptively simple. It concerns centrally a questioning of our contemporarily received notions by a demonstration of their historical emergence. The point of history in this sense is to make intelligible the way in which we think today by reminding us of the conditions of formation.

Miller and O'Leary (1987, p. 238) considered that genealogy when applied to

accounting meant not only a questioning search for the invention of techniques, but also a search for other types of events, such as political objectives, national conditions, historical contingency, and the development of related disciplines. All of these require explanation, and this thesis is concerned with focusing on political objectives, national conditions and historical contingency. Genealogy, according to Miller and O'Leary (1987, p. 238) opens out into a much less certain field than the standard histories of accounting would lead us to believe.

Finally, it must be admitted that this thesis does nothing to address Armstrong's (1991) criticism that: "Much Foucauldian accounting research proceeded only outward from Foucault's concepts and insights, rather than back into them after an encounter with empirical data." No attempt is made to test or revise basic Foucauldian theory. Such testing of data or theory would seem to belong to an entirely different epistemological approach, whereas the objective of this research is to inform the empirical data by critical analysis and interpretation.

Methodology

The Foucauldian methodology is one of critical historicism. The past is important insofar as it helps us understand the present. In Discipline and Punish, Foucault stated that he did not want to write a history of the past in terms of the present, but a history of the present (1977, p. 31). Writing the history of the present begins with a diagnosis of the current situation. First, it is necessary to locate, "The acute manifestations of a particular 'meticulous ritual of power' or 'political technology of the body' to see where it arose, took

shape, gained importance and so on" (Dreyfus and Rabinow, 1982, p. 119). When the genealogy of the modern subject (such as accounting) is written, the aim, according to Foucault, is to, "Arrive at an analysis which can account for the subject within an historical account" (cited in Dreyfus and Rabinow, 1982, p. 120).

How to proceed with the analysis is, for Foucault, a pragmatically oriented historical interpretation. The method is basically qualitative and subjective. Lemert and Gillan (1982) sum it up this way by saying that: "Foucault does not believe in an empirical world of free standing phenomena awaiting the scientist's measures to become facts. Rather his historical method emphasizes the reconstruction of the positivity of rules operating in history on concrete social practices" (p. 135). The rules of the investigation and its interpretation are determined by the researcher, albeit in a consistent and disciplined manner. This subjective approach does have its drawbacks as Miller and O'Leary (1987, p. 239) noted: "The absence of a clearly identifiable method mean that we cannot claim to be testing a method by transposing its field of application."

In studying social phenomena, Foucault consciously adopts an interpretive stance. The interpretive dimension is discussed further in relation to the three steps of the Foucauldian approach identified by Dreyfus and Rabinow (1982, p. 200):

First, the interpreter must take up a pragmatic stance on the basis of some socially shared sense of how things are going....

Second, the investigator must produce a disciplined diagnosis of what has gone on and is going on in the social body to account for the shared sense of distress or well-being....

Third, to complete this self-supporting 'circular project' which Foucault acknowledges all interpretation requires, the investigator owes the reader an account of why the practices he describes should produce the shared malaise or contentment which gave rise to the investigation.

With reference to this thesis, the initial pragmatic stance is that the present importance of accounting may be explained in terms of its use as an instrument of power. The second of the above steps involves explaining what has happened and includes "detailed 'grey meticulous labour' in the archives and laboratories ... in order to establish what was and is being said and done, by whom to whom, and to what effect" (Dreyfus and Rabinow, 1982, p. 200). And it is this aspect of the enterprise which might be seen as positivist labour were it not to be conducted within the realm of interpretive analytics inherent in the first and third steps. The third step involves the interpreter explaining why the investigation has or has not produced the results expected.

Practitioners of the Foucauldian method of interpretive analytics have no privileged external positions; they must offer from within society a pragmatically guided account of what is occurring and has occurred. Dreyfus and Rabinow (1982) note that Foucault recognises, "That he himself - like any other investigator - is involved in, and to a large extent produced by, the social practices he is studying" (p. 103).

This recognition is entirely consistent with the notion of writing the history of the present which it may be now appreciated is carried out by investigation and, for Foucault, specifically by reference to documents. Lemert and Gillan (1982) point out that "Foucault wants reconstruction of the past to be based on the descriptive materials available in documents, not on abstract formal codes or unwarranted interpretations" (p. 135). Foucault's pragmatism advises careful reconstruction from documents which can only be achieved with reference to one basic question: Why was this and not something else said?

Foucault's schema for the analysis of power relations is valuable as indeed are his commentaries on it for they have identified the various problems and pitfalls presented by this manner of proceeding. Although in adopting the Foucauldian method, it is perfectly legitimate to focus on carefully defined institutions from privileged points of observation, one must ensure that one does not focus on mechanisms put into operation by institutions to promote their own preservation. For Foucault (1982) there is: "A risk of deciphering functions which are essentially reproductive" (p. 222). He pointed out that: "In analysing power from the standpoint of institutions, one lays oneself open to seeking the explanation and the origin of the former in the latter, that is to say finally, to explain power to power" (p. 222). Moreover, because institutions bring into play explicit and tacit regulations and an apparatus, one risks exaggerating the importance of one and hence to seeing in the latter: "Only modulations of the law and of coercion" (p. 222). In other words, there is a tendency to explain the mechanics of powers in terms of its mechanics rather than its deeper roots.

For Foucault, the solution to these pitfalls is to analyse institutions from the standpoint of power rather than power from the standpoint of institutions. One should also recognise: "That the fundamental point of anchorage of relationships, even if they are embodied and crystallised in an institution, is to be found outside the institution" (p. 222). Power arises from a complex strategic situation - for Foucault, "It is exercised from innumerable points, in a set of shifting relations" (Sheridan, 1980, p. 184). It is important, therefore, to look at what Foucault and others have called 'power relations', taking a genealogical or longitudinal approach to our investigation in order to understand how power is exercised.

Finally, before proceeding to elaborate a pragmatic adaptation of the Foucauldian methodology, a note of the requirements espoused by Foucault for the analysis of power relations would be worthwhile. Foucault maintained that the analysis of power relations demanded that five points be established (1982, pp. 223-224). They are as follows.

1. The system of differentiations.

Here Foucault means the differentiations between individuals whether formal or informal, economic, linguistic, cultural or knowledge-based. With respect to the case studies presented most of the differentiations would apply and so the individual parties involved in power relations (generally European and Maori) would be highly differentiated.

2. The types of objectives.

Foucault is referring to the objectives pursued whether it be to maintain privileges, accumulate profits or bring into operation statutory authority. In respect to the case studies developed, the general objective pursued was to accumulate profits.

3. The means of bringing power relations into being.

Foucault asks whether power is exercised by threat of arms, by means of economic disparities, by surveillance, or by less fixed means. Power relations in the cases investigated were brought to bear initially by the threat of arms, but later and more generally by means of economic and knowledge disparities.

4. Forms of institutionalisation.

For Foucault power can be institutionalised through law, custom, fashion or predisposition. The institutionalisation, as in the case of the family could take a simple closed form, or like the state, a more complex form of embracing everything under its wing. Power in the following studies was institutionalised by means of law and predisposition.

5. Degrees of rationalisation

Here Foucault seeks the rationale for the exercise of power which may be in relation to the ease it can be exercised, justifiable in

terms of cost either economic or in terms of reaction constituted by the resistance which is encountered. Generally, the following studies reveal that rationale for the exercise of power may be explained by an anticipated lack of Maori resistance.

Applying a Genealogical Method

The empirical data presented here are critically analysed and interpreted by adopting specific Foucauldian concepts to demonstrate how accounting may have served as an instrument of power relations. The genealogical method employed by accounting researchers has varied because Foucault never prescribed an exact method, and this lack of precision may be seen as a weakness or strength depending on the epistemological background of the reader.

Some researchers have adopted broad Foucauldian principles and interrogated the narrative indirectly, relying on a thematic approach to convince the reader. Loft (1986) employed this method in her history of cost accounting¹, as did Hoskin and Macve (1986) in their study of the link between accounting and the development of examinations. Knights and Collinson (1987), while acknowledging that their paper 'no way' adheres to strict analytical procedures,

¹ Loft (1986) maintained that through cost and management accounting a 'regime of truth' is formed about events and that the appearance of a discourse of accounting explains what it is and how it should be done. Her genealogical history took the form of a complex interplay between knowledge, techniques, institutions and occupational claims. (p. 167)

also applied a thematic method to illustrate how the practices of power with discourse make human beings the object of knowledge.

On the other hand, case studies may be analysed and critically interpreted by extracting a specific range of Foucault's principles and then selectively and successively directly interrogating the empirical data. Mackintosh and Hopper (1991) have applied this method and used such Foucauldian principles as: 'enclosure', 'the efficient body', 'hierarchization', 'panopticons', 'normalizing' and 'examinations' to interrogate their data.

Following the example of Mackintosh and Hopper (1991) this thesis employs a similar approach: that is specific principles are employed to interpret the data according to their relevance to the material cited. For example, chapter five which depicts the activities of particular accountant is critically examined by reference to such principles as: '**normalisation**', '**enclosure**', '**surveillance**', '**objectification**', and '**subjectification**'. On the other hand, throughout chapter six, which recounts the power and influence of group of Auckland businessmen, a more thematic approach is adopted. The data is interpreted in terms of Foucault's **power/knowledge** relationship. That is the group's exclusive access to accounting knowledge added to their ability to exercise power, an exercise which, in turn, created more knowledge. Chapter seven, which illustrates the work of a public accountant in the 1930s, employs such principles as '**normalisation**', '**enclosure**', '**surveillance**' and '**regime of truth**' to explain the significance of the transactions reproduced.

The Foucauldian principles highlighted above, which were discussed in the previous chapter, provide the basis for the critical interpretation of the empirical data. They explain how power is exercised, i.e. how the mechanism of power operates. The aim is to illustrate, according to Humphrey and Scapens (1992, p. 14), how well the chosen social theory fits the accounting situations or cases. They went on to add: "The researcher's interpretation of a case study must be supported by convincing arguments and not simply appeal to some external methodology or theoretical position" (p. 29).

Disciplines, according to Foucault (1977, p. 220), made possible the 'political take-off' and 'economic take-off' of the West, because the 'accumulation of men' made possible and accelerated the 'accumulation of capital' (p. 221). The aim of this method is to demonstrate that the discipline of accounting became increasingly important in New Zealand because its discourse and practice concerned more than the operation of a passive recording mechanism. It is argued that accounting discourse and practice was also a power mechanism which served the political and economic interests of the ascendant European land and capital owning elite.

The literature has provided some basic questions to assist the researcher to interpret the data: **if power is being exerted, what is its direction, aims, and objectives?** (Lemert and Gillan, 1982, p. 111) **How is it that subjects are gradually, progressively, really and materially constituted through a multiplicity of organisms, forces, energies, materials, desires, thoughts,**

etc? (Foucault, 1980, p. 97) **If power is exercised, what sort of exercise does it involve? Of what does it consist?** (Foucault, 1980, p. 89)

Smart (1983, p. 82) maintained that Foucault (1980, pp. 97-108) considered that before any analysis of empirical data proceeded five methodological rules or precautions are necessary. These concerned the form, level, effect, direction, and ideology of power.

'Form' refers to the need to investigate local and 'less than legal' studies rather than researching centralised and legitimate sovereign forms of power. The case studies presented involve local and 'less than legal' forms of power, in the sense that power is exercised through a process of **normalisation** and **enclosure** rather than by resort to the sovereign juridical process.

The 'level' rule advises that analysis should apply to the mechanisms of power (how things work) rather than to the level of conscious intention. The mechanisms of power applied in the studies analysed involve the processes of **normalisation, enclosure, and objectification**. These mechanisms of power proceeded without conscious intention because, it is suggested, the **discursive practices** prevailing at the time implied that such procedures were right and proper.

The third rule 'effect' serves to underline the point that power is not possessed as a commodity rather it has the character of a network. Individuals are

vehicles of power, they circulate through the network and simultaneously undergo and exercise power. The accountants involved in the case studies were very much vehicles of power.

The fourth rule 'direction' emphasises that an analysis of power should be ascending rather than descending. Power should be examined at its level of operation in everyday life, not how it operates at the summit of the social order. Power which is conceived to be located at the summit of the social order permits, in Foucault's view (1980, p. 100), anything to be deduced. For example, the various mechanisms of power were not created by the bourgeoisie with the intention of class domination, rather such procedures were adopted from the moment they revealed a political and economic utility (Foucault, 1980, p. 102).

The last methodological rule bears directly on the power/knowledge relation and states that the exercise of power is accompanied or paralleled by the production of apparatuses of knowledge (Smart, 1983, p. 84). The process is circular because power is accompanied by knowledge and knowledge is accompanied by power. Foucault (1977, p.27) explained:

There is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations.

In the light of Foucault's arguments and because accounting is a knowledge

form, much of the data presented in this thesis is analysed and interpreted in terms of power/knowledge relations.

Conclusion

Foucault's genealogical perspective would seem to provide a most appropriate method to critically interpret the case studies presented in this thesis. The case studies represent discontinuous, disconnected, and dispersed histories of regional and subjugated knowledges. They describe events which have been buried in the past or marginalised and are not to be found in functionalist histories of New Zealand. Perhaps, the most important feature of the genealogical method applicable to this thesis is that the method seeks to disturb and criticise more modernist accounts of history. The genealogical method may be used to promote the most remote and atypical histories, and there is no necessity to depict events and practices reconstructed as fair representations of contemporary experience. It is enough to show that they happened and to explain their significance.

Unfortunately (for those who wish to discover the 'essential' Foucault), Foucault did not prescribe a specific method for researchers employing his concepts, and several methods are possible. Perhaps, Foucault was too postmodernist to be interpreted in terms of rigid rules. Nevertheless, to provide a sense of underlying structure to this thesis, a method has been outlined and adopted, and is used in the following chapters, as explained, to analyse and interpret the empirical data.

CHAPTER 5

PROACTIVE ASPECTS OF ACCOUNTANCY: THE DISCOURSES OF W.K.MCLEAN ACCOUNTANT TO SIR DONALD MCLEAN

Introduction

The aim of this chapter is to illustrate some discretionary aspects of accounting practice and to suggest that accounting increased in importance because it became a discipline which extended beyond the practice of bookkeeping. The study provides evidence of accounting's 'proactive aspects' and shows how such discretionary activity is shaped by discourse, and disciplinary practices. "All this means that power, when it is exercised through these subtle mechanisms, cannot but evolve, organise and put into circulation a knowledge, or rather an apparatus of knowledge" (Foucault, 1980, p. 102). The result is, as Dreyfus and Rabinow (1982, p. xxii) explained: "... the increasing ordering in all realms under the guise of improving the welfare of the individual and the population." From 1870 in New Zealand, European values prevailed and techniques that made the cumulative multiplicity of men useful accelerated the accumulation of capital (Foucault, 1977, p. 220-221).

The contextual relevance of the case study is that it portrays how the practice of accounting contributed to a new kind of social order which advanced the process of capital accumulation. It is argued, therefore, that accounting became increasingly important during this period because it became an activity that generated knowledge and power. It is claimed that some bookkeepers

became accountants and the traditional art of bookkeeping, became in the hands of some practitioners, a human discipline with its own specialised discourse.

Research Method

The study is based on the collection of letters, documents, and accounts known as the Sir Donald Mclean Papers. These papers are held in the Alexander Turnbull Library in Wellington, and access to them has to be reserved in advance. The papers are arranged in folders numbering 1 to 900, according to activity, type of document, name of farm, private or official business. It was necessary to search many files to assemble material for this case study.

A particular problem applicable to this research concerned Sir Donald McLean's written replies, or the lack of them, to his accountant. It would appear that on many occasions he did not reply by letter but used the telegraph or some other method simply to state a brief 'yes' or 'no'. Such procedures were understandable as Sir Donald McLean was an extremely busy politician, but his general failure to respond by letter does limit our understanding of some of the events referred to in the study. When Sir Donald McLean did respond in writing, two further problems emerge. First, for the researcher, his handwriting is very difficult to decipher, and second, his written style is so original as to make, at times, no sense to the casual reader. This latter point will be appreciated where quotations from his letters appear in the text. On the other hand, the letters written by his accountant are easily deciphered and clearly

expressed, and it is these letters which principally inform this study. Grammar and spelling mistakes in the letters have not been corrected and appear as in the original text.

When all the relevant extracts of letters and documents had been gathered, a decision had to be made on how to present the material. There were two alternatives to choose between: to adopt a thematic approach or to follow a chronological approach. The latter method was adopted on the grounds that:

- the major aim of the case study is to trace a portion of an accountant's career and to illustrate the importance of the normalising function in the work of accountancy; it can be seen that the discretionary normalising function becomes more evident as time advances;
- an understanding of the problems and decisions confronting those involved is better served by describing events in the order in which they occurred. Moreover, such a procedure illustrates the variety of demands and duties faced by the accountant involved;
- although isolating historical events can aid analysis, such a procedure tends to obscure the pressure of events and the random way in which different work situations develop. For example, accountants may be pressed by many affairs at once, and progress in one direction may be quite abruptly terminated by a crisis situation which develops and demands an immediate switch of interest and attention. On the grounds of providing a flowing narrative, it was considered that a chronological approach would be more appropriate to meet the aims

of the case study.

The overall approach has been descriptive, but throughout an attempt has been made to analyse the content of the letters in order that the ramifications of policies adopted, and the principles of power involved may be appreciated.

Historical Background and Biography of Sir Donald McLean (1820-77) Politician and Landowner

At the age of nineteen, Donald McLean (hereafter referred to as Sir Donald for purposes of identification)¹ left his native Scotland for New South Wales where, in 1839, he joined a firm of Sydney merchants. In 1840 he moved to Auckland as their agent. Within a year he tried to set up as a merchant on his own account, but the venture failed and in 1844 he joined the government service as a clerk in the office of the Protector of Aborigines .

Later that same year Sir Donald was appointed Protector of the Western District and Crown Lands Commissioner on a salary of 400 pounds a year. He had gained a reputation for loyalty and trustworthiness and considerable fluency in Maori, qualities valued by the Governor, Sir George Grey (Wake, 1962, p. 347). Having saved some 1,496 pounds since his arrival in New Zealand, Sir Donald, was by 1851 able to contemplate marriage. His attitude regarding his bride betrays his inherited values:

¹ Donald McLean was born in Tyree, Argyllshire in 1820. He married in 1851 but his wife died soon after the birth of their son (the future Sir Robert) in 1852. He was knighted in 1874 and died on 5 January 1877.

She is an excellent amiable girl with whom my sisters will be much pleased. I do not get much property with her but she is entitled to some annuity at her mother's death, but from her careful prudent habits she will be a great saving to me even if she had not sixpence.

Letter from Sir Donald to his Aunt, Annabella McLean, dated 5 September 1851, F141.

His wife died after giving birth to a son (later Sir Robert) some fifteen months after their marriage. By saving diligently Sir Donald was in a good position to begin buying land as suitable bargains became available. His attitude to money is further portrayed in his advice to his brother:

Do for goodness sake save every penny, shilling and pound that you can, remember life is short. You and all of us have seen the best of it, and there is the provision for sickness and old age or infirmity. Think of these things my dear Alex and look upon drink as your worst enemy.

Letter from Sir Donald to Alexander McLean dated 22 November 1859, F7.

By 1856, Sir Donald had been promoted within the government service to Land Purchase Officer and Native Secretary. It was during this period that Sir Donald began buying land on his own account. He did not seem to experience any conflict, as evidenced from his correspondence, between his public duties as Native Secretary and Chief Land Purchase Commissioner and the private transactions in which he participated. Ward (1973, p. 258) remarked of Sir Donald: "He was not above bluster and deceit." Moreover, Sir Donald was aware of possible criticism arising from his privileged position and the combination of private and public land purchasing. He wrote to a friend when

he began to acquire land on his own account in different areas:

Wellington will soon begin to cry out so will Wanganui, Taranaki, etc., but I will give them a good turn in due course or when I have secured a good run at each of these places.

Letter from Sir Donald to T.H.Smith dated 28 June 1859, F10.

In 1861, Sir Donald resigned his government post as Native Secretary and he relinquished his post as Chief Land Purchase Commissioner four years later. Sir Donald returned to Hawkes Bay and was prominent in the political affairs of the province, becoming the Member of Parliament for Napier in 1866. Like many other land speculators, Sir Donald was now privately beginning to reap the advantages permitted to land buyers by the Native Lands Act 1865. The Act not only provided for individual rather than communal titles to Maori land but also made possible the conversion of 'extra-legal' leases of Maori land into legal leaseholds. Such legal leaseholds granted extraordinary privileges to tenants and facilitated their ability to freehold the land they occupied.

In 1869, Sir Donald became Native and Defence Minister and these important parliamentary ministries absorbed the bulk of his time and his energies. Indeed, he remained continuously in office for most of his life, resigning only a few months before his death in 1877. As a consequence, he needed someone to manage his estates and private financial affairs in Hawkes Bay while he was engaged in Wellington. Because of his desire to purchase as much land as possible, Sir Donald was often heavily extended and short of cash. In 1869

(Letter to his sister, Annabella McLean dated 25 November, F4) he wrote to his sister about a friend, Miss Murdoch: "Her charms have not disturbed my rest. They might if she were an heiress." The following year he wrote to his sister regretting missing out on a rich widow worth 3,000 pounds a year (Letter dated 3 February 1870 to his sister, Annabella McLean, F4).

In the last twenty one years of his life, Sir Donald became a landowner of some consequence. In the space of twenty six years (1851-77) he bought, mainly from Maori owners, some 65,000 acres (on which he ran 60,000 sheep) plus other town properties. Over these twenty six years, Sir Donald increased his original capital of 1496 pounds to 200,000 pounds - a capital gain of over 13,000 per cent. It should be appreciated, therefore, that throughout the period considered by this study Sir Donald, with the help of his accountant, was developing and consolidating a vast family fortune.

It is apparent that Sir Donald valued land for the economic security it provided, for he had witnessed first hand the fate of the landless in his native Scotland. At least twice, judging from letters in the files, Sir Donald was approached by his relatives in Scotland for financial help. The first occasion was in 1865 when Lachlin Mclean wrote for 100 pounds to pay rent owed to the Duke of Argyll who was threatening to foreclose the family smallholding. Lachlin Mclean wrote:

You are the only family in the world that I would depend upon, whether it is true or not we hear that you have more lands than the Duke of

Argyll hath and are far more richer.

Letter from L McLean to Sir Donald dated 12 December 1865, F482.

Later in 1868, another relative George McLean, having been dispossessed of his land in Tyree, Scotland by the Duke of Argyll, sought Sir Donald's assistance to escape poverty in Glasgow and emigrate to New Zealand.

George McLean wrote:

Your name is well known in all Scotland and highly spoken of and no doubt your great influence in the colony, has been the make of all your late Father's family.

Letter from G McLean to Sir Donald dated 12 April 1868, F482.

It is, perhaps, the supreme irony of Sir Donald's life that having been once among the landless and dispossessed that he should have built his fortune by dispossessing others. In other words, Sir Donald had learned to appreciate the value of 'enclosure'. That is to organise space to control the individuals located therein. The technique of enclosure allocated individuals their own space, and avoided the troublesome aspects of encountering large transient groups and their confused, collective dispositions. Enclosure facilitated estate management by making it possible: to establish presences and absences, to know where and how to locate individuals, to be able at each moment to supervise the conduct of each individual, to assess it, to judge it, to calculate its qualities or merits (Foucault, 1977, p. 143). Just as the collective dispositions of the highland clans of Scotland had been broken, so the Maori tribes were also to be controlled and surplus individuals forced off the land. It is a feature of this

chapter to show how the disciplinary aspects of control and calculation implicit in accounting practice assisted this process.

Sir Donald was one of the Europeans who joined the 'ruthless scramble' for land and who gained an advantage due to his political connections and privileged position. He was an astute businessman, forceful and dominating, though he knew when not to apply pressure in order to gain long term advantage (Ward, 1973, p. 260). Sir Donald grasped that wealth in New Zealand in the 19th century would result from the ownership of good farm land which would provide both income and capital gain. His problem, however, was that being a self-made man he lacked capital, and relied on immediate gains to provide him with the equity to purchase further holdings. Sir Donald who was experiencing domestic cash-flow problems with farms to administer and with the title to his estates in dispute, needed someone capable of managing his financial affairs. W. K. McLean, the Defence Department accountant was eager for such an appointment.

The Role of W. K. McLean (WKM) Defence Department Accountant and Part-Time Accountant to the McLean Family (1869-1881)

In the Defence Office, Sir Donald had met an able accountant responsible for the Defence Department accounts. This accountant W. K. McLean (no relation to Sir Donald and hereafter referred to as WKM) had previously spent some

years with the Christchurch firm Dalgety Buckley and Company,² where he had acquired useful experience in pastoral finance and accounting. Sir Donald began by employing WKM as a bookkeeper on an after-hours basis as his affairs were becoming increasingly disordered and unmanageable.

It is reasonable to assume that from WKM's point of view, working more closely with Sir Donald could lead to personal advancement. Sir Donald was in a position of power in the colony and could grant favours. Judging from the obsequious tone often adopted in WKM's letters this prospect drew him to Sir Donald's personal service. The working atmosphere in the colonial civil service and, especially, in Sir Donald's ministries has been described by Ward (1973 p. 259) as:

[...] a civil service which depended heavily upon patronage for promotion, but in McLean's department the weakness of the system was multiplied by his liking for and tendency to attract flattery and subservience. All of McLean's officers reported confidentially to him as well as officially, advancing their own claims to favours and reporting adversely on their colleagues.
[...] Jealousy and tale-telling sometimes flared into public scandal.

Ward (1973, p. 259) went on to remark of Sir Donald's administration:

McLean's tendency to give office to sycophantic cronies led to some bad appointments, such as those of George Worgan and James Grindell - men already dismissed for dishonesty and drunkenness respectively. Fox [the Prime Minister] discovered that Worgan was supposed to be

² The New Zealand Institute of Accountants was not formed until 1894, so WKM was not an 'accountant' in the modern sense of the word. However, it should be noted that WKM referred to himself as an 'accountant' rather than a 'bookkeeper'.

buying land for the government at 1 [pound] an acre, but was paying the lesser Maori owners only ten shillings and splitting the remaining ten shillings between himself and the principal chief.

It would also appear from the files (F807) that WKM was a heavy drinker as accounts rendered by hotels reveal WKM was consuming a quantity of spirits throughout the day. Ward (1973, p. 260) concluded:

These were the hall-marks of the administration of McLean and most of his staff - a certain raw liking for the Maori people, combined incongruously with the use of a variety of immoral and amoral tactics to gain their 'surplus' lands. Divided motives, self interest, even corruption marred their administration.

Nevertheless, in spite of some personal limitations, WKM was an able accountant and from 1869 to 1882, the financial management of Sir Donald's estates was largely in the hands of this former Defence Department employee. WKM's period of control came at a crucial time in the development of the Hawkes Bay estates. Title to some of the land, which had been enclosed earlier by Sir Donald during his employment as Native Secretary and Government Land Purchase Officer, was now being disputed by the former Maori owners.

During WKM's stewardship five functions were fulfilled which ensured Sir Donald and his son, Sir Robert, their future prosperity:

- the acquisition of additional land facilitated by the presence of a local accountant who could make financial decisions and report on possible developments;

- the discretionary payment of cash sums to Maori chiefs in order to suppress Maori complaint with regard to the nature of Sir Donald's land enclosures;
- the management and resolution of crucial cash flow problems permitting further growth;
- the keeping of accurate and full records of all transactions, a practice which was essential with land transactions because they were reviewed by the Native Land Court to establish that consideration had passed between the parties involved;
- the provision of information to safeguard the assets, reports on the farm managers and the progress of farm development.

The financial records available reveal that, from an equity capital base of 20,000 pounds at the beginning of WKM's stewardship in 1869, there emerged an equity capital of 121,178 pounds by 1881. The capital growth had amounted to 900% in twelve years - a truly remarkable achievement during a period of little inflation. This was at a time when New Zealand farm labourers earned the comparatively small sum of 65 pounds a year.

As described above, Sir Donald's administration was distinguished by its system of personal patronage, or in 'Foucauldian' terms a network of power. Foucault (1980, p. 93) claimed:

Power is employed and exercised through a net-like organisation. Individuals circulate through the net, simultaneously undergoing and

exercising power. They are both its consenting target and its element of articulation.

It is argued that WKM was both a consenting target in that he was eager to be used and an element of power articulation because he was also eager to use others. Even at a time when promotion by recommendation was common throughout the colonial civil service, the extent of personal patronage in Sir Donald's two ministries was notorious (Ward, 1973, p. 259). It was a system which WKM was evidently familiar with:

I have taken the trunk containing books and papers to my own house where I can work on them at odd times. I keep them under lock and key so they are perfectly safe. Mr Cuff, a friend of mine and an able accountant would like a job at the Treasury. Would you be able to find something for him? ... You know that my services are wholly at your disposal and I shall be ready and willing to carry out your wishes in every way.

Letter from WKM to Sir Donald dated 20 February 1870, F434.

WKM was evidently eager to take on extra work from Sir Donald even though he remained an employee of the government until 1873. By September, however, WKM was requesting overtime because he was working until 5.30 pm, the normal office hours being 10 am to 4 pm (Letter dated 14 September 1870, F434). In the same letter, WKM began to move beyond his bookkeeping role by recommending that Sir Donald re-structure his various borrowings into one large loan from the Union Bank, a reorganisation which would save on interest and loan overheads. Sir Donald, however, rejected this advice preferring to spread his business among the Hawkes Bay stock agents and loan houses (Kinross and Company, Potter Wilson and Company, New Zealand

Trust and Loan Company, and Bethune Hunter and Company).

In March 1870, the Hawkes Bay firm of Kinross and Company, acting for Sir Donald and two other Hawkes Bay landowners, enclosed the Mangaroa Block of 11,726 acres. The acquisition was facilitated by Sir Donald's land purchase officer George Worgan. Sir Donald's share of the purchase amounted to 2,500 acres at five shillings an acre. Additional costs were anticipated because most of the Maori land sellers had mortgaged or owed money on their land and European merchants had to be paid off to clear the title. Accordingly, a loan application to the New Zealand Trust and Loan Company was lodged and, for the purposes of the loan, the land was valued at over one pound an acre. It is interesting to note that land once owned by Europeans quadrupled in value. The same quantum leap in value occurred whenever land passed from Maori to European ownership and reflected the normalisation procedures prevailing in the colony. There was no juridical law that held that European land was worth four times as much as Maori land.

WKM recommended against this loan application because most of the funds raised would be lodged at the Union Bank where Sir Donald had an overdraft. Reducing the overdraft by way of a loan was expensive as the loan attracted a higher rate of interest and the Union Bank was not pressing for the overdraft to be reduced. WKM recommended instead, that Sir Donald draw a bill on Potter Wilson and Company to meet his immediate needs, and that such a bill be drawn against the next wool clip. Sir Donald accepted this advice in a letter

dated 23 October 1870 (F434). It is apparent that WKM was becoming more than a bookkeeper and was engaging in discourse which privileged him and authorised his right to speak on these matters.

In addition to his role in ordering Sir Donald's private business, WKM was also anxious to let Sir Donald know of his usefulness in defence matters:

I enclose a statement of defence expenditure which I trust you will find satisfactory. I have been very careful in watching the expenditure and have relieved the defence vote of several items which might have been charged against them.

Letter from WKM to Sir Donald dated 13 April 1871, F434.

Again WKM was exercising his right to speak, and his authority on accounting matters. In a subsequent letter dated 28 April 1871 (F434), WKM advised Sir Donald that because the emergency³ had ended and the Armed Constabulary had been engaged on road works, a contribution towards their pay should come from other government departments. Here though, he was careful to add: "As it is a political question and not one of accounts I refrain from offering an opinion." In fact, WKM had already expressed an opinion by bringing it to Sir Donald's attention in the first place, but such remarks draw attention to the obsequious way in which WKM communicated, a style which, from all accounts, was required by Sir Donald (AJLC, No 2, 1877). It also suggests that although

³ The 'emergency' referred to by WKM was the Maori Land War which lasted on and off from 1860 to 1870.

WKM was not sure of his status as adviser to Sir Donald, he was certain of his authority to speak on accounting matters.

Additional strain was put on Sir Donald's cash resources when he made further purchases of land (Ngatarawa Blocks 4 and 5), again using the services of Worgan backed by Kinross and Company (AJLC, 1871, pp. 61-62). Sir Donald was, at the time, very short of cash but Worgan convinced him that if he did not buy the land for the price asked (3,000 pounds) some other European would make an offer (Letter from John Kinross to Sir Donald, dated 1 October 1870, F23). Although his credit was fully extended, Sir Donald agreed to the purchase rather than face 'the risk of competition' (Letter from Sir Donald to John Kinross dated 18 October 1870, F23).

As a result Sir Donald was now in serious financial difficulty, a situation made worse by the financial weakness of Kinross and Company which was heavily in debt to the Union Bank. The weakness of Kinross and Company posed a threat to Sir Donald's estates as the Hawkes Bay firm held bills and other negotiable securities signed by Sir Donald and these were now in the Union Bank's possession. There was a risk that the Union Bank would redeem these securities in order to reduce the overdraft of Kinross and Company.

Realising the gravity of the situation, WKM suggested a solution while at the same time hinting strongly that Sir Donald required the services of an accountant in Hawkes Bay to manage his financial affairs. The last paragraph

of the following letter revealed WKM to be in 'Foucauldian' terms slipping into the 'net', a 'consenting target'. Moreover, WKM's desire to serve Sir Donald in a closer more personal capacity demonstrates, as Foucault (1980, p. 119) theorised, power as something positive, not as repressive, but as something which makes its subjects co-operate and connive in their own subjection. WKM indirectly recommended himself by suggesting:

I have arrived at the conclusion that it is urgently necessary that you should adopt a more economical method of carrying out the large business transactions in which you are engaged, Just now you are paying the Union Bank of Australia 10 per cent discount on bills which are renewed every three or four months - and, on the amount represented by these bills, you pay Kinross and Co. every year 2.5 per cent and 2.5 per cent for disbursing station and other accounts besides numerous other charges such as stamps etc. which invariably creep into merchants' accounts. Then, you pay Messrs Potter Wilson and Co. 7.5 per cent on advances to meet drafts in anticipation of wool sales and 2.5 per cent commission for retiring those drafts. Then when you are out of funds at the Bank you pay 10 per cent interest for overdraft, and tradesmen whose accounts remain unpaid for a considerable length of time from want of someone to keep everything in check, charge 10 per cent interest besides invoicing their goods at most exorbitant rates. Within the last few days I have settled accounts of yours to the amount of about 180 [pounds] over 20 [pounds] of which has been for interest - To sum up the whole I am confident the capital you have in use is costing you at least 20 per cent per annum. If you can stand that it is more than most people in New Zealand are able to do so. But, to add to this, while you are occupied with your public duties, the Land Sharks of Napier are fleecing you in every way they can. If you had a proper person to look after your affairs in your absence and attend solely to your interests your estate would save money. Mr Kinross no doubt does his best but he has other interests which must sometimes clash with yours.

Letter from WKM to Sir Donald dated 29 May 1871, F434.

WKM went on to recommend that a New Zealand Loan and Mercantile Agency

loan be taken out for three years at 8 per cent with a right of renewal. Despite what appears to have been sound advice, Sir Donald rejected WKM's proposals, preferring to retain the services of Kinross and Company. It is possible that Sir Donald valued the land purchasing services in which Kinross and Company involved themselves and from which he had benefited. It seems that this factor outweighed the financial discourse that WKM had persuasively presented, particularly as there was a risk that Kinross and Company would act for other Hawkes Bay land buyers if he removed his business.

Although WKM had been working for Sir Donald for eighteen months, it is argued, he had already become more than a bookkeeper. His discourses on financial matters were received and sometimes acted upon, even though his initial engagement by Sir Donald had been simply to work on the books.

The Parliamentary Enquiry of 1871

Meanwhile, the purchase of the Ngatarawa Blocks 4 and 5 went ahead and, after consultation with Sir Donald's lawyers (Maddock and Stedman), WKM arranged to pay Maori vendors in long term promissory notes in view of Sir Donald's lack of cash (Letter from Maddock and Stedman to Sir Donald, dated 22 July 1871, F57). Though convenient to Sir Donald, such a method of payment was inequitable to the Maori involved. Because of their lack of power/knowledge Maori probably had no choice but to accept whatever was offered. They had already lost possession of their land and Sir Donald held

mortgages as security for the petty loans he had made to Maori. Moreover, it is doubtful whether the Maori recipients of the promissory notes knew the nature of the documents they were holding, or if Sir Donald, judging by his disinclination to pay rent for Maori land leased and occupied by him, ever meant to redeem these notes. No doubt, WKM realised that because Maori lacked a written tradition there was a good chance that in the long term some of the notes would be lost. Such tactics took advantage of Sir Donald's prestige as Native Minister and Maori ignorance of European commercial practice.

In this context, Foucault (1980, p. 96) advised that analysis should be concerned with power at the extremities; that is in regional and local forms. The paramount concern should be the point where power surmounts the rules of right and becomes embodied in techniques. The techniques pursued by WKM involved the use of promissory notes to acquire land. Such payment was illegal under the terms of the Native Lands Fraud Prevention Act 1870, but the District Trust Commissioner, Hanson Turton had been persuaded to approve the method of payment employed. In other words, a process of normalisation was involved and Turton had accepted such practice as 'normal'. Although in the ensuing enquiry by a parliamentary select committee, Turton was accused by a witness of being 'partisan' in this regard (AJLC, 1871, No. 97, p. 11).

The Parliamentary Enquiry of October 1871 involved various land enclosures in the Hawkes Bay province, especially those which involved the 'extra-legal

leases' common at that time when Europeans rented Maori land. Included among the transactions reviewed was Sir Donald's acquisition of the Ngatarawa Blocks 4 and 5. The land had originally been leased to Sir Donald by Maori at a rent of 350 pounds per annum but such rent was considerably in arrears and was not reflected in the purchase price to be paid (AJLC, 1871, No. 97, pp. 69-70). The land went through the District Native Land Court and the registered Maori owners paid for the registration by mortgaging their land to Sir Donald. The mortgage rose from 400 pounds in 1869 to 821 pounds by 1871.

The investigating parliamentary committee queried this growth in the mortgage, but WKM was able to bring together all the necessary accounts to show that various goods (tea, sugar, flour, tobacco) had been received by Maori to the value required to account for mortgage growth. His scrupulous attention to detail greatly assisted Sir Donald's defence. By recording all transactions with local Maori, WKM was doing more than just providing a useful data source as Loft (1988, p. 35) explained:

Records are not just an enabling device for power to use; the creation of a record is an act of power itself. Not only does it represent the result of a choice concerning what is important in the organisation but its creation can induce obedience.

WKM's ability to manipulate certain tribal chiefs to act against the interests of their own tribe, as is demonstrated later in this chapter, was facilitated by his records of various individual transactions that had taken place with the chiefs in question.

However, WKM could not explain why the Maori land owners were owed rent on the lease and this had not been added to the purchase price (AJLC, 1871, No. 97, pp. 69-70). It would appear that, judging from WKM's evident ability to assemble and present accurate accounts of all transactions, that the rents owing to the Maori landholders had been deliberately ignored. Such a policy made selling to alternative buyers difficult and kept Maori in a supplicatory position.

Before the Select Committee it was further alleged that in obtaining the Ngatarawa blocks for 3,000 pounds, Sir Donald was grossly under-paying Maori for what was determined by the Select Committee to be 10,700 acres of the best pastoral land. Land which, in fact, could have been leased annually for ten shillings per acre, a sum greater than that which Sir Donald had paid for the freehold.

Sir Donald justified the low price that he had paid for such rich land on the grounds of the 'improvements' clause which had been included in his lease. This unusual clause had been added by Sir Donald when the lease was drawn up and allowed for compensation to the leaseholder for improvements (grass and fences) effected by the leaseholder in the event that the land was sold. Sir Donald's agent in this transaction, John Kinross, admitted to the Select Committee that such clauses for recompense to the leaseholder with regard to 'improvements' were not 'normal' in European transactions, but were 'normal' where Maori owners were involved (AJLC, 1871, No.97, p. 75).

In fact, the Select Committee discovered that Sir Donald, who was short of cash at the time and had followed WKM's advice, paid only 47 pounds in cash and gave long term promissory notes for the remainder (letter from Maddock and Stedman to Sir Donald, dated 22 July 1871, F57; and AJLC, 1871, No. 97, p. 71).

Evidence was also given that at Mangateretere West, land worth 10 pounds per acre had been bought by Sir Donald at 10 shillings per acre. One of the chiefs, Tareha, who had sold the land, complained that he had been 'tricked' by Sir Donald into putting his name on a piece of paper which was represented as a document to stop Europeans soliciting him for land (AJLC, 1871, No. 97, pp. 78-87).

The whole enquiry did not reflect well on the European landowners involved, or the lawyers, land agents and accountants who assisted them in these 'normal' transactions. Moreover, in a letter dated 9 January 1872 (F434), WKM advised Sir Donald that in evidence before the select committee, a 'Mr Lord' connected WKM with the civil service: "... and stated I receive my salary from Native funds and am occupied looking after your private affairs". Nevertheless, despite all the dubious practices involved, the Committee found that no direct breaches of the law had occurred, and merely commented on: "The loose manner in which business transactions are conducted" (AJLC, 1871, No. 97, p. 142). No further investigations were recommended - a conclusion which left the Hawkes Bay Maori population feeling very aggrieved and seeking redress

(AJLC, 1872, Paper No. 11). It may be interpreted that the Committee's vague conclusions were the result of not wishing to upset the normalisation processes that were taking place with regard to land transactions but, at the same time, the Select Committee were reluctant to give their unequivocal support to techniques which undermined the law. In other words, sovereign law was increasingly being subverted by normalising sanctions established by lawyer-judges, accountant-judges and valuer-judges.

WKM's advice to pay Maori with promissory notes is an example of an accountant's discretion, but the provision of such advice does not necessarily identify WKM as a rogue accountant promoting immoral activities. On the contrary, WKM's advice was extremely practical to a client with cash flow problems. It may be held that WKM's suggestions merely reflected the European adversarial tradition and the discursive practices of the day. Such practices objectified Maori according to their own peculiar definition: Maori were occupying land needed for agricultural industry, they were obstacles to progress, their removal from the land would accelerate the process of amalgamation and the spread of civilisation. This kind of objectification justifies Miller and O'Leary's (1987, p. 239) view that:

Accounting can no longer be regarded as a neutral and objective process. It comes to be viewed as an important part of a network of power relations which are built into the very fabric of organisational and social life.

Rising Land Values and Economic Prosperity 1872-76

Landowners like Sir Donald, who had purchased land in the early 1870s, were to reap benefits from improved wool prices and the public expenditure policies of the new Colonial Treasurer, Sir Julius Vogel. Maori who had sold earlier at low prices were to feel particularly discontented, especially those in the Hawkes Bay province where the Repudiation Movement began in 1875. However, even one year after the Select Committee enquiry, many Maori wanted to repudiate the leases and conveyances they had signed and a paper titled 'Excited and Dangerous State of the Natives in Hawkes Bay' was submitted to the government (AJLC, 1872, Paper No. 11).

From the correspondence between Sir Donald and WKM, it would appear that the latter, while still in the government service, was working from an office in Napier at least some of the time. In his new location, WKM became aware of local Maori discontent and, what was worse, discovered a conspiracy between George Worgan, a Land Purchase Officer appointed by Sir Donald, and Frederick Sutton, a local merchant and landowner who had contested Sir Donald's land titles before the Select Committee. According to WKM, this conspiracy backed by Henry Russell, an opposition member of parliament, was: "Stirring the natives to have an investigation on the grounds that they did not understand they were parting with their property altogether." (Letter from WKM to Sir Donald dated 8 January 1872, F434)

WKM was totally in sympathy with, and loyal to, his employer/client's position.

When Maori appeared to seek redress for lost land, he remarked on:

... the perfidy of natives. Hamlin interpreted clearly all I said and they willingly withdrew. Ihaka stated he was without money to buy food and I gave 1 [pound] after he had signed.

Letter to Sir Donald from WKM dated 15 March 1872, F434.

It would seem from the above that WKM considered Maori had been fairly treated and that their repudiation of the various land transactions were acts of 'perfidy'. His view may be explained in terms of the discursive practices of the time and the system of objectification/subjectification derived from such practices. Maori were expected to be docile, obedient and reliable.

The above also reveals Sir Donald's system of patronage. Provided they still had some land to sell and signed receipts for the value of money and goods received, Maori were encouraged to become indebted to him. WKM was authorised to implement this system at his discretion. An example of the discretion available and its judicious use by Sir Donald's accountant is contained in the letter dated 15 March 1872, referred to above. This letter went on to supply an example of how WKM reported to his employer on his discretionary activities to ameliorate Maori discontent while exploiting any opportunities for further land purchases:

Tareha admits the sale (Mangateretere) but considers all the money has not been paid. I explained he would get more if his interest in the block was more than one ninth equal share but that I was prepared to give him five pounds if he was in want of money.

Letter from WKM to Sir Donald dated 15 March 1872, F434.

The following extract from the same letter indicates the humiliating and awkward position of Maori trying to obtain redress from a powerful politician. WKM reported to Sir Donald that: "Hapuka shows no animosity, he says with a twinkle in his eye he is only having a fight with you but does not wish to deprive you of the land." WKM appreciated the tactic of not appearing to be too anxious to complete a transaction so as to alert the seller. He went on to state, "Timuera is anxious to sign upon receiving 60 [pounds] but he is out of town. I thought it best to await his return so as not to impress him with the idea that I was in haste to hurry the matter."

In the same letter dated 15 March 1872, there is another example of the wide discretion available to WKM when applying Sir Donald's system of patronage: "Hirini is behaving well and stands up for you. I have been liberal with him but I think he deserves it." Lastly, the same letter or report gives evidence of how, as a perpetual leaseholder, Sir Donald's tactic was to withhold rent while increasing the indebtedness of the registered Maori landowner. Such debt became a charge over the land and further decreased its sale potential to alternative buyers:

I have not said anything more to Karatiana about his rent of Ngatarawa. Mr Ormond agrees with me it should go against the 424 [pounds] Karatiana owes you. His refusal to sell the Ngatarawa Block leaves him a debtor to you. It is simply a matter of account and you may rely on me putting it in a clear light should the question crop up.

Letter from WKM to Sir Donald dated 15 March 1872, F434.

The last sentence of the above letter refers to the possibility of another enquiry. WKM takes the opportunity to reassure his employer that his decision to withhold rent due to Karatiana was approved by Mr J D Ormond (Sir Donald's close friend, member of parliament, and another leading Hawkes Bay land owner), and would stand up to official scrutiny. Meanwhile such savings as withholding rent payable served the dual purpose of easing Sir Donald's cash-flow problems and were another way of putting pressure on Maori to transfer their land to clear their debts.

The letter of 15 March 1872 illustrated the range of WKM's duties and the discretion available to him in executing those duties. Besides keeping accounts and other records of transactions, WKM was responsible for cash flow management and judicious payments to Maori with a view to facilitating the acquisition of their land. The scope of his accounting duties extended well beyond the narrow confines of record keeping. Hoskin and Macve (1986) have asked: "How then is one to explain the modern significance of accounting and the ample rewards that accrue to its practitioners?" The answer Hoskin and Macve (1991, p.10) proposed could be written in terms of Foucault's theory of 'power-knowledge' relations. They concluded:

That transformation is breathtaking: from the traditional humble status of bookkeeping to (i) playing a central and still growing role in both business and government, (ii) translating itself into a still-expanding set of accounting specialisations and (iii) transforming its practitioners in the Anglo cultures at least, into members of one of the most highly paid and influential professions. When Foucault indicates that we live under a disciplinary power-knowledge regime, and that the modern form of the

person has shifted from 'memorable man' to 'calculable man', he offers a new mode of understanding the problematic power of accounting.

It is suggested that this study demonstrates this transformation in the power of accounting as WKM becomes much more than a bookkeeper. The tragedy for Maori at this time is that as 'memorable men' they suffered from the normalising sanctions of 'calculable men'.

Throughout 1872, Sir Donald was involved in making improvements to his main station at Maraekakaho (over 57,000 acres containing the Ngatarawa Blocks managed by Thomas Condie) and added a new wool shed and farm cottage. As well, he wanted to establish a merino flock of high quantity and quality, to sow more grass and enclose the station's boundaries (Letter from T Condie to Sir Donald dated 6 January 1872, F87).

This expenditure worried WKM, especially as he realised there was likely to be an opportunity for Sir Donald to secure the freehold of his entire Akitio station (20,000 acres). Accordingly WKM advised Sir Donald of the need to raise a long-term loan with the New Zealand Trust and Loan Company to meet these contingencies: "While you are waiting for cheaper money you are really spending more than what the difference in the rate of interest would be." (WKM to Sir Donald dated 11 May 1872) Sir Donald argued that it would be better to sell Akitio at the reduced price of 12,000 pounds than pay the New Zealand Trust and Loan Company eight per cent interest.

However, WKM who was probably more aware of rising land values in the district, contended that Akitio would become a valuable asset and maintained that it was: "... better to pay eight per cent than sell Akitio. From what I have seen I am satisfied with the judicious management of the flock and perseverance in the improvement of the country." (Letter from WKM to Sir Donald dated 11 May 1872, F434) From the final comment in the above letter made by WKM, it is evident that he was also becoming concerned with disciplinary control and reporting to Sir Donald on the state of the farms.

Eventually, Sir Donald accepted WKM's advice and the need to ease the cash-flow problem. He authorised WKM to negotiate a long term loan of 1,500 pounds on security of the Mangaroa block. Later in the same year, WKM and Bethune Hunter and Company (another Hawkes Bay stock and station agency) persuaded Sir Donald to apply for a much larger loan of 7,500 pounds from the New Zealand Trust and Loan Company at eight per cent as the basic cash flow problem had persisted. Moreover, WKM anticipated that there would be further land offered for sale in the near future (Letters from Bethune Hunter and Company to Sir Donald dated 12 April and 24 June 1872, F56).

However, the directors of the New Zealand Trust and Loan Company wanted greater security than provided by the first mortgage over the freehold of Akitio which Sir Donald had offered and negotiations failed. Meanwhile, Sir Donald had approached A.G. Tollemache, a wealthy Englishman with investments in New Zealand, who had helped him before and eventually obtained from him a

loan of 6,000 pounds at seven per cent interest for seven years with the deeds of Akitio accepted as security (Mortgage from Sir Donald to A.G.Tollemache dated 31 December 1872, LT.Vol. 26/23, Wellington Land Deeds Register). Tollemache had purchased farms in the Hawkes Bay district and as an absentee owner possibly considered it prudent to assist a powerful politician like Sir Donald who controlled two government ministries.

With the loan from Tollemache some further land adjoining Akitio station was purchased (1,100 acres), a short term mortgage was repaid and the Union Bank overdraft of 3,000 pounds was reduced. Increased prices for wool also helped to resolve the cash-flow problem which had so concerned WKM since his engagement by Sir Donald.

Throughout 1872, WKM was having difficulty reconciling the demands of his official position as Defence Department Accountant and his private engagement by Sir Donald:

I must ask you to give me 'carte blanche' to get your accounts just right. I can't explain to you all that has to be done but a great deal is necessary. The materials are scattered ... I don't wish to be relieved altogether but I should like as much freedom as possible for a few days. It would be more convenient for me to work in Napier.

Letter from WKM to Sir Donald dated 19 November 1872, F434.

Sir Donald granted WKM's request for leave to Napier, but WKM also had other problems resulting from Sir Donald's tendency to combine his official and

private affairs (Ward, 1973, p. 260): "Treasury queries five pounds payment out of public funds paid to Otirimi" (letter from WKM to Sir Donald dated 29 December 1872, F434). WKM went on to suggest that the payment be justified as Native Affairs expenses on the grounds that Otirimi was working on the Department's behalf.

Although complaining of having too much to do, WKM also seemed to welcome the opportunity to extend his official duties. In early 1872, he offered to take over the Native Affairs Department's accounts because the new system of accounting introduced by the Treasury was causing confusion: "Mr Gill is complaining that he will be compelled to give up" (Letter from WKM to Sir Donald dated 19 January 1872, F434). Sir Donald replied that the combined accounts would be too much for one person's responsibility (Letter from Sir Donald to WKM dated 11 February 1872, F53). Later that year, at the end of a letter detailing accounts for immediate payment, WKM tried again to take over the Native Affairs Departments accounts, albeit indirectly: "Mr Gill wants to hand over native accounts to me. I agree it would be impossible for me to do justice to both departments" (letter from WKM to Sir Donald dated 30 December 1872, F434).

It would appear that WKM wanted to move from the Defence Department to Native Affairs, but Sir Donald would not approve the transfer. WKM's motives for wishing to transfer to Native Affairs can only be speculated on, but because Sir Donald had embarked on what his opponents in parliament called 'a flour

and sugar' policy to secure Maori acquiescence to government policies (Ward, 1973, p. 260), there was more scope for discretion in expenditure. In other words, there was some judgment to be used as to which Maori would receive 'gifts' and from which merchants such 'gifts' would be obtained. WKM would have exercised more power in Native Affairs, but because opposition members of parliament knew of WKM's close links to Sir Donald, his transfer to this busier department would have been unwise. From such speculations it is possible to conceive of the limitations to Sir Donald's power and reinforce the point that power flows in more than one direction.

The Hawkes Bay Repudiation Movement

The Repudiation Movement was originated by an opposition Member of Parliament, H R Russell, who organised meetings of local Maori to explain to them that ample legal grounds existed for invalidating most of the Maori land transactions in the Hawkes Bay. H R Russell and his brother, T P Russell, assured Maori that there would be another parliamentary enquiry and that there was a good chance that their lands would be restored to them. Maori were divided by the Russells' promises; the chiefs for the most part remained loyal to the government and to Sir Donald, but their influence was waning:

Karaitiana, Noa, and Renata are all staunch and working well but they tell me privately that they cannot hold their people, who are enticed by the bait of the promise Russell has circulated among them that they will get back their land. Of course as we know, many of the natives have

been cheated out of their land and all are ready to get it back if they can, and seemingly really think they will get it back. ... I am inclined to believe it is getting beyond the control of the chiefs and is likely to end in collision. The truth is that the repudiation party have the entire support of all the natives south of Pahi Pahi right down to Wairarapa.

Letter from J D Ormond to Sir Donald dated 10 June 1872, F32.

Pressure by the Repudiation Movement resulted in the government appointing an official Court of Inquiry under the provisions of the Hawkes Bay Native Land Alienation Commission Act 1872. The Commission commenced its hearings in Napier on 23 January 1873, and had until the middle of April that year to hear the cases of land transfers in dispute. Sir Donald was the subject of Maori complaint in over ten cases, mostly for non-payment of rent on leased land, and for what was termed 'disputed alienation'. This latter complaint involved claims by Maori that they had not signed the alleged mortgages and/or conveyances, as well as a demand to see documentary evidence showing that some value had been exchanged. The most serious case to be defended by Sir Donald involved the purchase of the Ngatarawa lands and a Maori chief, Te Hapuka. Te Hapuka complained that no rents had been paid on land leased from his people, that he had been 'induced' to sign a deed, that no price had ever been agreed on the land purported to have been sold, and that he had never signed a mortgage (AJHR, 1873, vol 3, G7, pp. 1-5).

Sir Donald was worried by these allegations. Indeed, it was a crisis which could threaten his entire estate. From Wellington he instructed WKM to have all the accounts relating to Te Hapuka ready for presentation before the

Commission (Letter from Sir Donald to WKM dated 3 February 1873, F56). Moreover, he instructed WKM to appear before the Commission and prepare his defence. WKM realised that the promissory notes given to Maori landowners in exchange for Ngatarawa land blocks were potentially damaging as it could be alleged that since the land sale, no real consideration had passed. Preparation of Sir Donald's defence involved, therefore, redeeming these promissory notes for cash. With the assistance of John Kinross, WKM redeemed all the notes except those held by Te Hapuka, the complainant in respect of this block of land. Anticipating difficulty WKM managed to persuade the District Trust Commissioner, Hanson Turton, to approve the payment of 50 pounds to a Mr Lyndon, the Maori Trust Commissioner to hold the money on Te Hapuka's behalf. However, when Turton realised that the payment was in respect of land about to be investigated by the Commission he refused to approve further payments to redeem the balance:

I have offered the money to Lyndon but Turton objects to the payment without Te Hapuka's consent, he is always in terror of doing something that is not in accordance with the law, he sanctioned the payment of 50 pounds to the Trustees in the first instance.

Letter from WKM to Sir Donald dated 1 March 1873, F435.

It is worth observing the tone of confidence adopted by WKM and presumably shared by Sir Donald - they were not in 'terror' of doing something that was not in accordance with the law. Turton, of course, was appointed to uphold the law, whereas WKM was practitioner of a new human discipline and knew, at

first hand, that the law could be subverted. Also both Sir Donald and WKM were probably well aware of the unpopularity of the Repudiation Movement among the voters of Hawkes Bay. Many of these voters were farmers of small holdings who had bought land from landowners such as Sir Donald, J D Ormond, and F Sutton. If the landowners of large estates had their titles declared invalid, then subsequent purchasers could have their property rights questioned.

In the Hawkes Bay region, the colonists rich and poor were politically bound together because of the techniques used to re-distribute land. Foucault (1980, p. 17) had observed how in French colonies the bourgeoisie had maintained power by avoiding an alliance between the 'lesser whites' and the colonised peoples: "an alliance which would have been just as dangerous out there as proletarian unity would have been in Europe." The techniques of land acquisition, therefore, served to cement the political power bases of the wealthier landowners.

It is obvious that at this crucial stage in the growth of Sir Donald's estate, WKM focused exclusively on the interests of the estate. In order to preserve the estate, WKM set about paying the rents owed on Maori land which earlier had been leased and, in some cases, paid excess amounts to keep potential complainants from approaching the Commission:

Hirini has received nearly 40 pounds in excess but he is friendly disposed and I am of the opinion that a few pounds will not be wasted

on him. Karaihana does not look happy, he is beginning to see that very little will be gained by the action - I have offered to pay his share of the rent of Ngatarawa but he has not yet accepted it.

Letter from WKM to Sir Donald dated 1 March 1873, F435.

Karaihana's pessimism about the course of the enquiry was fully justified. The government had set up the Commission in response to Maori pressure but the time allocated to hear the large number of cases presented by Maori complainants was restricted to three months. Within a few weeks, however, it became obvious that the hearings were making little progress. Lawyers for the defence called many witnesses and subjected them to prolonged cross questioning. Moreover, the Commissioners demanded detailed statements from all who testified.

However, before the cases involving Sir Donald were due to be heard, WKM was active in preparing accounts for scrutiny and this activity extended to preparing the accounts of some of the smallholders who had bought land jointly with Sir Donald. Sir Donald was concerned that some of these small farmers might inadvertently damage his defence if they were called to testify. WKM was able to reassure his employer: "I have made up William's books and got him to pay up the back rent owing to the native. He is alright, I have him entirely under my control" (Letter from WKM to Sir Donald dated 1 March 1873, F435). The last phrase of this letter reveals much about the character of WKM's discretionary work. It was about 'control' or subjectification, and it is this proactive feature of accountancy work which distinguishes it from

bookkeeping.

It would also appear from another paragraph of the above letter, that WKM was still paying off various Maori complainants because he urgently requested more cash:

Get the manager in Auckland to telegraph to the manager here to pay me 50 pounds. I require a little money for private use and will account to you for what I disburse on your behalf.

By March 1873, WKM realised that because of the slow progress being made by the Commission and because the cases involving Sir Donald had been placed last on the agenda, there was little likelihood of them being heard in the remaining weeks (Letter from WKM to Sir Donald dated 5 March 1873, F435). Nevertheless from Wellington Sir Donald urged WKM to remain alert (though his written style is obscure):

You know the diligence of my enemies and that they will go to any length to induce the natives as they have done to bring forward frivolous unfounded charges involuntarily proffered by the principal land owners and Hapuku is merely put forward as a mouth piece.

Letter from Sir Donald to WKM dated 17 March 1873, F435.

WKM remained cautious and it would appear that he continued by judicious payment to prevent some Maori from petitioning or testifying against Sir Donald. These activities were not completed without having to endure some personal attacks:

I have been occupied in keeping our natives in the right state of mind. My activities have been freely commented on and Mr Sheenan [an Auckland lawyer assisting Maori complainants] went so far as to attack me in court. Sheenan tried to make it appear that I had used undue influence to induce the natives to withdraw.

Letter from WKM to Sir Donald dated 5 April 1873, F435.

By 10 April 1873, there were only a few days left for the Commission to hear cases and a note of relief and satisfaction entered into WKM's correspondence. Nevertheless, WKM was aware that an untimely outburst by frustrated Maori before the conclusion of the Commission hearings would be most inappropriate. Therefore selected chiefs were encouraged to hold their people in check:

I got the old man (Ropata) into my room and with Hamlin as interpreter talked to him for an hour and succeeded in persuading him to remain firm in what he had done. His people have pitched into him for withdrawing and the old man looked a bit sad about it. I told him that if he was strong in his friendship to you, no matter if all other friends deserted him, you would still be his friend. He said he was an old man looking into the grave and was quite satisfied that you would be his friend.

So far as complaints against you are concerned the steps that have been taken have resulted most satisfactorily.

Letter from WKM to Sir Donald dated 10 April 1873, F435.

The letter then continued in a routine way to detail account balances and recommend further borrowing from Tollemache as all the 'disbursements' had drained the cash balances available.

The Commission disbanded in mid-April without any of Sir Donald's land

purchases having been investigated. WKM had served Sir Donald's interests well, while the Select Committee was sitting in Napier, by suppressing further Maori complainants and possible demonstrations. Sir Donald had remained in Wellington and Auckland throughout the entire proceedings and had relied on WKM to conduct and preserve his defence.

Sir Donald was prudent to remain out of the district as events could have easily turned against him and his whole estate could have been threatened. As it was, he was fortunate (or was it by design) that the cases in which he was involved were placed last on the Commission's agenda. Moreover, because of the limited time allowed for the hearings and the willingness of the Commission to hear the detailed testimonies of all the defence witnesses called by defence lawyers the number of complaints heard was necessarily limited.

A Commission less legalistic and more prepared to observe the 'spirit' of the Treaty of Waitangi would have posed a much greater threat to Sir Donald's estate. The Commission's insistence on written rather than oral evidence disadvantaged Maori, who lacked a written tradition, and advantaged persons like WKM with sets of accounts and other documentary evidence. The record keeping element of accounting practice was in this context, a source of power/knowledge and would have enhanced the value of such practices.

The final report of the Commission by Chief Justice C W Richmond was submitted to parliament in July and found no dishonesty on the part of the

Hawkes Bay landowners and speculators in their land dealings with Maori. Thus the final report would appear to record a victory for normalising sanctions over sovereign law.

However, the publicity the 'Land Repudiation' affair generated was disadvantageous to WKM as his position with the government had been compromised by his work in Hawkes Bay. After all, he was supposed to be a civil servant working in Wellington. WKM wrote:

My position has already been remarked upon in such terms as to impel me to take serious consideration whether it should not be better for all parties that I withdraw from the government service.

Letter from WKM to Sir Donald dated 5 May 1873, F435.

The letter went on to mention the offer of some other agency work in Hawkes Bay and asked Sir Donald for a definite 'yes' or 'no' as regards the prospect of continuing to work on the estate's accounts from a permanent location in Hawkes Bay. It should be borne in mind that before the introduction of income and property taxes by the Liberal Government in the 1890s, there was little 'agency' work for accountants in pastoral districts, making the patronage of an influential landowner essential. After some hesitation which was, perhaps, Sir Donald's way of reinforcing his power relationships, he eventually offered WKM a regular annual fee for his services in Hawkes Bay.

WKM's activities in respect of the Commission's investigations could be

construed as unethical, but may have been viewed by many Europeans at that time as normal practice. WKM, however, operated in a world of accounts and quantitative measurements which dominated and influenced his perception and language. Moreover, he was expected to further his principal's interests and that was probably the limit of his professional responsibility at that time. It is argued that disciplines like accounting grew in importance because they participated in such power techniques as normalisation, objectification and subjectification. Foucault (1980, p. 107) argued:

... the discourse of the human sciences is the juxtaposition, the encounter between two lines of approach, two mechanisms ... there is the re-organisation of right that invest sovereignty, and on the other, the mechanics of the coercive forces whose exercise takes a disciplinary form. ... these discourse to which the disciplines give rise invade the area of right so that the procedures of normalisation come to be ever more constantly engaged in the colonisation of those of law.

To accuse, with hindsight, WKM of unethical activities would be to ignore the above arguments that it was a feature of the constitution of the human sciences and their discourses to invest sovereignty, to invade the area of right and to engage in colonisation of the law. It is argued that it was because the human science disciplines exhibited this capacity that their power and importance has grown over the last 150 years. (Foucault, 1980, p. 107)

Throughout the period covered so far WKM had remained technically in the government's employment. From October 1873 he resided permanently in Napier as a self-employed pastoral accountant working chiefly for Sir Donald.

WKM: Pastoral Accountant in Hawkes Bay 1873-1881

For WKM pastoral accounting throughout this period included many discretionary activities and it is the nature of WKM's discretionary duties which this part of the case study emphasises. His discretionary duties broadly involved three themes:

- safeguarding the assets of the estates, especially with regard to the continuing doubt surrounding the security of Sir Donald's land purchases and, resulting from this insecurity, placating various Maori chiefs by judicious payments when appropriate - payments which may be interpreted as subjectification;
- a concern with asset management and a disciplinary reporting role;
- financial advice mainly relating to cash-flow problems due to Sir Donald's relentless desire to expand and develop his estates.

Reference will be made to these recurring themes in the chronological account which follows.

Power and Discipline - the Career Crisis

The middle of 1873 was a time of crisis in WKM's career. His activities in respect of the Select Committee's investigation into Hawkes Bay land transfers had compromised his position in the civil service. Moreover, he was spending most of his time in Napier working for Sir Donald in a personal capacity. Sir Donald was, by virtue of his political duties, unable to manage his own affairs in Hawkes Bay and was able to make extensive use of WKM's services. It

was, however, quite uncommon to employ an accountant in this pre-income tax era as there was no legal requirement to keep accounts. Some of the larger mercantile firms in Napier may have employed bookkeepers, but there was no call for the services of an external auditor. New Zealand's first Companies Act was passed in 1860, but few public companies were established in the smaller provincial centres at this time.

With his position becoming untenable within the public service, WKM sought what he called 'agency work' in Hawkes Bay. He was now known in the district and his role in the Select Committee investigation would have met with the approval of most of the European population who depended on the settler farming community. The Repudiation Movement, founded by an opposition member of parliament, had been unpopular with the settler community. As a result, Sir Donald and his political ally the Provincial Superintendent, J D Ormond, became very popular and highly respected. In fact, both men remained continuously in political office until they chose to retire.

Another factor prompting WKM's move to Napier is evident from the correspondence - his wife preferred Napier to Wellington. Yet, understandably, WKM was worried about his future income and security - he had a large family - and surrendering a secure and responsible civil service post in the 19th century would not have been an easy decision. WKM believed, however, that because of his private accounting work, he was being forced out of the civil service; although the procedures involved appear to have been prolonged and

somewhat obscure. Conceivably, those in the civil service wanting to remove WKM were fearful of incurring Sir Donald's displeasure and therefore moved carefully. In October 1873, WKM complained:

I am completely wedged out of the government service, All I can ask of you is to permit me to retire as soon as possible. It grieves me to sever my connection with the service while you remain Minister.

Letter from WKM to Sir Donald dated 6 October 1873, F435.

In the above lines, there appears to be a hint of a last plea to Sir Donald for some kind of definite reinstatement. WKM's re-establishment did not eventuate, and it is possible that Sir Donald had in mind other plans for WKM. It is worth noting that earlier in July 1873, WKM, who was perhaps desperate (judging by the obsequious tone adopted) in his search for a secure income, had solicited Sir Donald's help in acquiring the office of Postmaster in Napier: "I can only say that if you will assist me in gaining that object [the position of Postmaster] I shall be if possible more than devoted to you" (Letter from WKM to Sir Donald dated 28 July 1873, F435).

WKM's appeal to Sir Donald was both fawning and urgent, but it would appear from subsequent events that Sir Donald was disinclined to assist. It is conjectured that Sir Donald had realised WKM was invaluable to him as an accountant in Hawkes Bay and did not want WKM occupied in another position. Sir Donald was now undertaking considerable farm development and not all his farm managers were financially competent or trustworthy, whereas he would

have been aware of WKM's total loyalty. However, evidence of Sir Donald's character and career suggests that he was not going to give WKM the promise of continuous secure paid employment that the latter so obviously desired. The reason for withholding such security can be explained in terms of Foucauldian power-discipline relations. Knowing that WKM was reliant on him for employment, Sir Donald preferred not to formalise WKM's position - a disciplinary technique to ensure performance.

WKM had to resign the civil service and he went to Hawkes Bay looking for 'agency work', but he soon found himself fully occupied by Sir Donald's financial affairs. For Sir Donald, and to a lesser extent WKM, it proved to be a lasting and profitable relationship.

Extending Sir Donald's Gaze

Once settled permanently in Napier, WKM began to concern himself with the management of Sir Donald's various farms, and WKM's views on the suitability of the managers became an important feature of his disciplinary activities. The following extract is an example of WKM operating as what Foucault would term Sir Donald's 'gaze' but which others might interpret as pre-modern stewardship accounting ¹:

¹ Foucault (1977, pp. 210-214) wrote of the concept of panopticism and likened it to a faceless gaze. He argued that the disciplinary gaze is a modern phenomena and differed from the role of stewardship which goes back many centuries and also incorporated the absentee owner's faceless gaze. However, the expression is used here not to

Miller has not been sober since you left and I have found it impossible to talk to him on business matters. He told me you would not place the station in his hands.

Letter from WKM to Sir Donald dated 28 July 1873, F435.

The same letter, written on taking up residence in Napier, is full of advice to Sir Donald and, as it concentrates on financial matters, written with the sanction of a person authorised in the discourse:

I don't think you will succeed in finding a purchaser for 10,000 acres of the upper run at Aorangi. Your best plan will be to sell Akitio at its present value and hold on to Maraekakaho. The increase of your means by the sale of the one place will enable you to improve the other and make it pay as well and even better than the two are at present.

Letter from WKM to Sir Donald dated 28 July 1873, F435.

Clearly WKM was thinking in terms of capital growth enhanced by intensive land improvements while seizing the opportunity to sell off less developed parts of the estate at a time when land prices were high.

Meanwhile, operating again as Sir Donald's 'gaze', WKM reported on a clerk employed at Sir Donald's Hawkes Bay office and a local lawyer responsible for its operation:

test Foucauldian theory but to interpret the data from a particular perspective.

In continuing my examination of the papers in Mr Bourke's office, I have discovered several small payments not accounted for. These added together give a total of 151 [pounds]. It is therefore clear that had the entries been made, as they should have been the books would have shown a large deficiency. I have mentioned the matter to Mr J N Wilson [the lawyer] who undertook to make good all deficiencies so far as I have been able to ascertain up to the present amounts to 232 [pounds]. I have strong suspicions of further misappropriation which I am cautiously endeavouring to verify.

Letter from WKM to Sir Donald dated 28 July 1873, F435.

These were, in fact, large cash deficiencies (multiply by 150 for present approximate value in dollars) and Sir Donald should have been pleased by WKM's control of the estate employees. Such sizable deficiencies indicate the disciplinary problems confronting an absentee landowner with a substantial local business. Discipline at the isolated extremes of an organisation has a tendency to be less pervasive, unless the 'gaze' can be extended into these isolated corners making employees uneasy and willing to co-operate and connive in their own subjection. By relocating to Napier and, as well, regularly visiting the outlying properties, WKM effectively expanded Sir Donald's 'gaze', and greater attention to detail was possible. Indeed, Wilson's willingness to readily make up the deficiency is evidence, not only of his possible guilt but also of his subjectification. Foucault (1977, p. 210) pointed out that the surveillance role of modern disciplines is positive and concerned with increasing the possible utility of individuals. By contrast, the role of pre-eighteenth century stewardship was negative and concerned with the prevention of loss and failure. Whether WKM was performing a stewardship role or, a disciplinary role concerned with making individuals useful, is open to interpretation. Although

it is claimed that the correspondence suggests the latter.

Another problem involved Akitio station. It was a large property of 20,000 acres situated some distance from Napier and it was yielding poor returns. The management of this property concerned WKM:

The information I have received concerning Akitio and Reid's [the manager] conduct generally is of a very unsatisfactory kind. I think it essential that someone in authority from you should visit the place. Mr Canning very kindly offered to find me horses and accompany me.

Letter from WKM to Sir Donald dated 7 August 1873, F435.

Although WKM was zealous about his discretionary duty of extending, in a Foucauldian sense, Sir Donald's 'gaze', it is evident from the correspondence (see letter dated 23 August 1873) that WKM did not enjoy these difficult and hazardous horseback journeys and preferred not to travel alone. These tours of inspection signify that WKM was acting as more than a bookkeeper. He was accepting responsibility for the financial management of the estate.

Continuing Anxieties over Land Titles

Perhaps, realising his importance to Sir Donald, WKM began to adopt a growing tone of authority in his letters, especially concerning technical issues.

Sir Donald was rebuked for not following 'normal' procedures:

I see no entry in the pass book of the 200 [pounds] you say you received from Condie [another farm manager]. You must have paid it away without passing it through your private account at the Bank. That is not in accordance with my system of accounts and I must urge you of the necessity of following my plans as near as it is possible to do so. Otherwise you will give me unnecessary trouble and make it difficult to trace payments.

Letter from WKM to Sir Donald dated 7 August 1873, F435.

At the same time as WKM was increasingly occupied with reporting on disciplinary and accounting problems, he experienced a continuing anxiety in respect of the land titles resulting from the nature of Sir Donald's earlier enclosures. Although the 'Repudiation' movement had failed to achieve its objective of restoring land 'illegally' enclosed, enough publicity had been generated in the colony to make some of the landowners with large estates wary of further publicity. The wish to avoid publicity particularly applied to prominent politicians like Sir Donald. As a result, WKM always feared some public demonstration or outburst by local Maori, and would appease the former land owners with small discretionary tokens. Perhaps the result of Sir Donald's and WKM's discourses on Maori had been to objectify individual Maori as child-like figures who could be bought off and easily satisfied by small gifts. The process of selective gift allocation being one of subjectification. For example:

Hirini and Rora Poneke have been tormenting me for food. I have consented to give them a bag of flour and a little sugar which I hope you will not object to. They say they are very badly off for food.

Letter from WKM to Sir Donald dated 7 August 1873, F435.

Other matters continued to surface with regard to some of Sir Donald's unorthodox land dealings in the past. From the correspondence it would appear that some years previously Sir Donald had obtained from local Maori an unregistered mortgage which was to cover the debt owed to an unscrupulous local merchant, R D Maney. Sir Donald must have particularly wanted the land which the mortgage secured because he was generally rather too astute to become involved with the district's more unsavoury characters. The full ramifications of this transaction are not clear but it was apparently an urgent matter for WKM to investigate:

I had to go to Maney's place to see him about Meihana's matter and obtain from him copies of all papers connected with the transaction. They do not seem to make you liable. I told Maney to look to Meihana for his money and that you will hold him responsible for the 100 [pounds].

Letter from WKM to Sir Donald dated 13 August 1873, F435.

Discretionary Reporting

Comments in the same letter (above) reveal that WKM's actions continued to develop a more discretionary character. In the extract which follows, WKM's attention focuses on a fellow professional who was closely associated with Sir Donald's estates:

Cowan the lawyer is going to the dogs fast. You should ask Kinross to call him to order. I should be very sorry to entrust him with matters of business. People are making remarks about him and I think timely

advice from the proper quarter would be greatly to his benefit.

Letter from WKM to Sir Donald dated 13 August 1873, F435.

The tone of WKM's correspondence implies that he wanted to make Cowan more useful to the objectives of the estate and that advice from Sir Donald would have that effect. The emphasis of WKM's report is on discipline rather than punishment.

Some weeks earlier WKM had reported adversely on Reid, the manager at Akitio (see above letter dated 7 August 1873), and immediately on his arrival at the distant station, WKM wrote that he approved of Reid as station manager. He added: "I found everything in a state of preparedness and very different to what I expected from the reports that had reached me in Napier" (letter from WKM to Sir Donald dated 23 August 1873, F435).

However, after closer observation WKM reversed his earlier judgement:

This was said on my arrival and before I had an opportunity of enquiring closely. The state of preparedness does not exist. Reid has been trying to deceive me in a great many ways. He has done so as regards the sheep and the flocks are infected with scab which Reid persists in denying. Someone should be in the station during shearing to keep tally and see that shearers do their work properly. As the work is done by Maoris who are given to rushing through their work. I think a competent man should be in the shed to supervise. Matters of this kind though apparently small tend considerably to enhance and depreciate the value of a clip. I fear Reid is not correct in settling with the men which may be in his favour or against you. He is given to drinking and what I dislike most he does it on the sly. He familiarises with the men and even goes so far as to 'booze' with the shepherds. Reid's shepherds are as much

the master as he is.

Letter from WKM to Sir Donald dated 26 August 1873, F435.

This letter illustrates how the absentee owner's 'gaze' reached into a rural establishment. WKM has three concerns to report. First, that the concealed scab may reduce the value of the stock. Second, that the value of the wool clip was being reduced by poor disciplinary practices and, third, that poor disciplinary practices were leading to excessive wage payments. WKM went on to recommend that: "Young Archy McLean [no relative of Sir Donald or WKM] would be a good man for Akitio. Reid could take his place at Maraekakaho where under Condie's supervision he would be useful" (letter from WKM to Sir Donald dated 26 August 1873, F435).² It would appear that WKM's was advocating making Reid more useful and that the objective of his report was positive rather than negative. WKM was not recommending exemplary punishments to correct losses, but disciplinary action to increase productivity and improve financial results. It is claimed that in the light of the above report WKM's surveillance activities may be interpreted more in terms of Foucault's modern disciplines than in terms of traditional stewardship.

WKM's long letter of the 26 August 1873 concluded with a report on the assets of the farm controlled by Reid. WKM's general conclusion was that, given

² Condie controlled the largest farm on the state and was highly respected as a farm manager by both Sir Donald and WKM.

good management, Akitio station could contribute usefully towards the estate revenues. Sir Donald, however, preferred WKM's earlier suggestion and placed the station on the market with a Hawkes Bay stock and station agent (M R Miller) for 30,000 pounds (Letter from Sir Donald to Douglas McLean dated 22 October 1873, F333).

Safeguarding the Estate's Assets: Discourse and Adjudication

In October 1873, WKM finally completed Sir Donald's first full Balance Sheet as at 31 March 1873. It showed total estate assets of 117,625 pounds, current liabilities of 11,430 pounds, fixed liabilities of 24,500 pounds and an equity of 81,695 pounds. Land had been valued conservatively by WKM at 30 shillings per acre (for further details see Appendix 4).

The ramifications of Sir Donald's earlier land dealings were a constant demand on WKM's energies and time. For example, Sir Donald had made use of extra-legal leases. These leases were peculiar to the colony and were informal devices used by European settlers to gain possession of Maori land. The advantage being that these leases could be written on the spot, but for all their informality they were acceptable in the courts as evidence of an agreement.

Sir Donald had often adopted this strategy before acquiring the freehold of Maori land and still held some of these leases. Frederick Sutton, a Napier merchant wanted to buy one of these leases from Sir Donald but WKM was

inclined to reject the offer. Sutton, even by the standards of the time, had a bad reputation with respect to dealings in Maori land and clearly WKM did not trust him. WKM advised:

I consider your interest in the block (Mangateretere) worth at least 3,000 [pounds]. Mr Sutton thinks you would be inclined to part with it for 500 [pounds]. I only mention the matter because he used Mr Ormond's name. I think you should let Mr Ormond know that you intend to hold your interest. When Sutton finds that the scheme cannot be carried out he will try some other dodge.

Letter from WKM to Sir Donald dated 29 October 1873, F435.

Such opinions offered by WKM were matters of adjudication and illustrated the extent that WKM was prepared to use his normalising sanction with regard to the estate's affairs. It would appear from the above that if Sutton had not used Ormond's name, (J D Ormond was Sir Donald's friend, fellow landowner and politician) WKM would not have even referred the offer to his principal. Nevertheless, the offer by Sutton had alerted WKM to the weakness of Sir Donald's possession based merely on an informal lease of questionable value. In issues concerning safeguarding the assets, WKM spoke with authority: "The question of title to that property should be settled before old Tareha³ dies" (letter from WKM to Sir Donald dated 29 October 1873, F435).

Payments to Maori who were owed rent for land leased were made, it would

³ Tareha was the local chief who had signed the extra-legal lease.

appear, more or less at WKM's discretion:

Mr Kinross has got Witota's account. It is as I stated, he will be entitled to one year's rent on the first of January next less 4 to 5 [pounds] now at his debit, but I think you may as well let him have 50 [pounds].

Letter from WKM to Sir Donald dated 29 October 1873, F435.

A more serious note of warning was sounded by WKM when he learned that Mr Sheenan, the Auckland lawyer who had acted for Maori complainants at the 'Repudiation' hearings, was once more in Napier conferring with Sir Donald's political rival H R Russell. WKM warned:

It has leaked out that one object they have (Sheenan) in view is to test the Ngatarawa purchase. They go on the grounds that the rent was for a long time in arrears and find no settlement of the purchase money has been arrived at. They expect to make 10,000 [pounds] out of it 4,000 [pounds] of which they are allocating to old Hapuka for his support in carrying on against you.

Letter from WKM to Sir Donald dated 17 November 1873, F435,

As a result of this warning from WKM, Sir Donald arranged for one of the native interpreters from his department, Hamlin, to visit the Maori grantees of Ngatarawa Block No.2 and convert his informal extra-legal lease into a legal lease. To achieve this end some cash would be required as WKM revealed: "I have paid Hamlin 200 [pounds] for the natives staying with Renata, he goes out tomorrow to pay them" (letter from WKM to Sir Donald dated 18 November 1873, F435). The cash payments were strategies used to subvert the

application of sovereign law. They exemplify the techniques Foucault (1980, p. 96) described: "where power surmounts the rules of right which organise and delimit it and extends itself beyond them."

Sir Donald's strategy of judicious cash payments in exchange for a legal lease must have succeeded for the attempt to upset Sir Donald's possession of Ngatarawa Block No. 2 and purchase of Block No.3 failed. In subsequent letters (9 and 21 December 1874, F436) WKM was able to report that the lease and the conveyance went through the district Native Land Court and were duly registered.

However, Russell and Sheenan had helped to form a Maori committee for the purpose of continuing to question the validity of specific land transfers in the Hawkes Bay district, and as a consequence stir Maori to seek redress for lost land. WKM was therefore under more pressure from Maori for discretionary payments. WKM complained:

Hirini is becoming a great nuisance to me. I am obliged to give him a few shillings occasionally to get rid of him. He is always giving me information about the committee all of which I think is trumped up by himself. The Patutahi matter will be settled in a short time. I shall see Henare Tomoana and Renata again this week to bring the thing to a satisfactory close.

Letter from WKM to Sir Donald dated 4 March 1874, F436.

All these discretionary payments and other decisions affecting Maori were

directed to one end - ensuring profit and capital gain. At times these small payments appear to read as impulsive acts of generosity, but this was not the case. Maori appeared at WKM's office because they had been once promised something, or because they realised that they were owed payment. The lack of a written tradition had disadvantaged Maori because the courts favoured written evidence. Maori had been induced to sign leases and conveyances on the strength of oral promises of rents, payments and reserve lands which according to their 'memorable' tradition were acceptable but, in reality, were never made good.

WKM's judicious supply of small discretionary payments were aimed at safeguarding the estate's assets from the application of 'sovereign law' by suppressing Maori discontent. Large scale demonstrations by discontented Maori would have provoked a legal enquiry, and too many such enquiries risked reference to laws based on the Treaty.

These small payments represented only a fraction of the revenue derived from the lands occupied and were insufficient to substitute as any kind of capital repayment. The discretionary sums given to Maori represented a form of insurance expense to safeguard assets and this form of safeguarding assets was an important feature of WKM's work. Sir Donald's capital accumulation was outstanding in terms of Balance Sheet values (see Appendices) because the real cost of the land enclosed had been 'externalised'.

As long as the validity of land dealings were adjudicated and sanctioned by local professionals according to their own discursive practices, the application of 'sovereign law' could be subverted, and European possession confirmed. The process of normalisation operated by the professional human disciplines was important to the new landowners and the preservation of their estates.

The Significance of the Akitio Valuation

Akitio had not sold in the six months since October and during this period adjacent leasehold land was purchased increasing the freehold acreage to 24,000 acres. Other improvements such as additional fencing and grass sowing had been undertaken. For these reasons Sir Donald raised the asking price of the property to 43,500 pounds. There was still little market interest in the property and WKM suggested reducing the price to 35,000 pounds (letter from WKM to Sir Donald dated 11 March 1874, F436). It would appear that by June the asking price of Akitio had risen further as WKM wrote to another local stock and station agency the following:

Akitio comprises 24,587 acres and is offered for sale. Price 2 [pounds] per acre. Terms half cash (more or less) balance by mortgage. I hope you will be able to find a purchaser among your numerous friends.

Letter from WKM to McGregor and Company dated 22 June 1874, F807.

A subsequent analysis done by WKM of the Akitio accounts (F436) showed that, due to scab infected flocks, the wool returns were low and annual net farm revenue was estimated at 1,200 pounds. In fact, revenue was exceeded by

expenses to the extent of 813 pounds, because of poor farm management and loan and interest payments (letter from WKM to Sir Donald dated 3 October 1874, F436). Once again WKM urged the sale of Akitio and suggested that the price be reduced to 35,000 pounds arguing that the money invested in mortgage finance at six or seven per cent would yield a greater return. Sir Donald was obstinate and would not reduce his price, but the attempted sale shows that WKM's advice, based upon the potential earnings of the station and alternative capital investment was sound. Sir Donald was being too greedy.

The contrast between the attitude of Sir Donald with regard to the selling price of Akitio and that of the original Maori landowners may be explained in terms of discursive practices. WKM's valuation of Akitio at around 35,000 pounds was based on future income yields (F436). The assumption being that Akitio under good management would return a net annual income of around 1,700 pounds and mortgage interest rates would remain at 5-6 per cent.

It is evident that Sir Donald wanted too much for Akitio (43,500 pounds), but it seems probable that the original Maori owners sold their land for too little. Although, it will never be known exactly what price Sir Donald paid for the 24,000 acres of Akitio because he bought it in small parcels using informal and extra-legal procedures. Even the sums stated on the leases, mortgages, conveyances and other documents, which Sir Donald alone retained, have little relevance to the actual amount paid over as has been illustrated. That the 24,000 acres were bought for a trifling sum can be deduced from Sir Donald's

Balance Sheets (see Appendices 4, 5, and 7) and the enormous capital gain he enjoyed in this period of low to zero inflation.

The significance of the sale of the Akitio estate rests in the different concepts employed to value the land and the differences of power/knowledge between the parties concerned. It is from various concepts and theories that, according to Mackintosh and Hopper (1991, p. 6), subjects are constructed as knowable. "These are then transmitted by the discursive practices of sundry quasi-scientific human disciplines. The destination for the knowledge of the various disciplines is the human subject." (p. 6) From the discursive practices of lawyers, government officials, valuers, accountants and other professionals, Maori were led to expect little value for their land, while the same professional 'adjudicators' applied different concepts to value European occupied land. The end result of these discursive practices, therefore, produced a 'ruthless scramble' for Maori land.

The 1874 Balance Sheet

Towards the end of 1874, WKM was preparing a second Balance Sheet (see Appendix 5) for Sir Donald but it was a lengthy process because WKM felt obliged to visit the farms personally. He wrote:

I shall be able to send you a Balance Sheet but before doing so I should like to visit the stations and go through the accounts with the view to checking the transactions of the past year and ascertaining what the liabilities are.

Letter from WKM to Sir Donald dated 24 September 1874, F436.

The business of visiting all the stations to check the accounts took months and by December WKM was still not ready, though he had found time to tutor Sir Donald's only son - the future Sir Robert (more intimately known as Douglas) who was about to leave for school in England. WKM explained:

Mr Douglas and I have been working together in the evenings and I think before he leaves he will have a fair general knowledge of how accounts should be kept.

I will send you the Balance Sheet as soon as it is ready. I am sorry for the delay but there are a lot of outdoor matters to be attended to on your account, which prevent me from working on the books.

Letter from WKM to Sir Donald dated 9 December 1874, F436.

Finally, in December WKM presented the Balance Sheet for the year ended 31 March 1874. It must have been a disappointment for Sir Donald as WKM had reduced the asset value of the estate by 3,939 pounds, the whole estate being worth 113,686 pounds with an equity of 76,200 pounds (see Appendix 5). Akitio's value had been reduced to 29,357 pounds based on a land valuation of one pound per acre and 3,600 pounds for sheep and cattle. That Sir Donald was a wealthy man even by the Duke of Argyll's standards can be better appreciated by using a multiplier of 150 to obtain in dollars an approximate

current equity equivalent⁴.

In his letter accompanying the latest Balance Sheet WKM eased any disappointment Sir Donald may have suffered by remarking:

The Maori purchases I have put at cost but we both know they are worth considerably more. I have transferred the whole of the bad debts and the position may never be recovered. It is usual in making up statements of this kind to be on the safe side and to leave a large margin for any depression that may take place.

Letter from WKM to Sir Donald dated 21 December 1874, F436.

All WKM's Balance Sheets after this featured the same convention of conservatism and repeated the same warning regarding a possible depression. The pessimistic view of accounts that WKM promoted may well have reflected the discursive practice among practising colonial accountants at that time - some twenty years before any formal institution was established. Such conservatism does, however, reveal an element of adjudication in accounting values.

⁴ The use of multipliers to yield present day values are suspect because of changes in relative values, e.g., in the 1870s, labourers earned around 75 pounds per annum and the income gap between rich and poor was much greater. Another method of appreciating equivalent pound/dollar values is revealed by Reed (1958, p. 191) when in his history of Hawkes Bay he stated that in January 1875, the first Town Clerk of the Borough of Napier, W K McLean was appointed at a salary of 150 pounds per annum. Apparently WKM resigned the post shortly after, no doubt too busy with his agency work and Sir Donald's estate to fulfil the Town Clerk's position adequately.

In a rare personal appeal for payment of his fees, WKM ended his letter of the 21 December 1874 with the reminder:

In the Balance Sheet there is a sum of 200 pounds standing against me for services in connection with the Native Lands Alienation Committee which sat in Napier in 1873 - the Banks are putting on the screw and Miller [the stock agent] wants a loan for a joint venture on a sheep sale.

Letter from WKM to Sir Donald dated 21 December 1874, F436.

Perhaps, Sir Donald's dilatory methods of payment for services rendered forced WKM to apply for the newly created position of Borough Town Clerk; a post he obtained but resigned a few months later.

A month later WKM was again reminding Sir Donald in an indirect way that he was short of cash. WKM wrote:

Miller has taken a mean advantage, he comes down on me for half the cost of the sheep until acceptance of a bill is met. It is the first transaction I have had with him and it shall be the last.

Letter from WKM to Sir Donald dated 11 January 1875, F436.

WKM was to continue in the next few years to directly and indirectly press Sir Donald for money. One of the arguments he was to employ concerned the success he had achieved in handling delicate Maori land transfer issues and thwarting the efforts of the Maori Land Committee (see Appendix 6 for an example of the Committee's efforts).

Defeating the Maori Land Committee (1875): Final Discretionary Payments and Land Dealings

Throughout 1875, much of WKM's time and energy was focused on frustrating the activities of the Hawkes Bay Maori Land Committee. This Committee was advised by Sheenan, and as such posed a threat because Sir Donald's estate was their particular target. The tactics adopted by WKM and Sir Donald to safeguard the estate's assets during this period succeeded in defeating the efforts of the Maori Committee to obtain justice. By the end of 1875 the Committee realised its attempts to regain Maori land were hopeless and WKM's need to pay influential Maori to block the Committee's progress ceased. From 1876 onwards there is much less reference to Maori transactions in the correspondence files, except when particular Maori were identified as being potential sources of land.

Nevertheless, in spite of the Committee's intentions, Maori grievances were receiving less public sympathy from the colonial authorities and settler population (see Chapter 2). In this climate of hardening attitudes towards Maori problems it was easy to dismiss claims of Maori without influence. WKM remarked:

Ihaka Kapi has been to me for rent of the 200 acres granted him during his life time. I told him I have no authority to pay anything and therefore could not do so.

Letter from WKM to Sir Donald dated 28 January 1875, F436.

On this occasion it was convenient for WKM to plead his lack of authority to make discretionary payments and revert to mere bookkeeper status.

Pressure was also being applied to Maori with land to lease or sell. WKM received the following advice:

Re lease of Ngatarawa, Ruta Rua will not sign the lease as she has received no rent for Matapero Block, but of the opinion she will sign at some time as she feels she was not consulted by other natives,

Letter from J Stevens to WKM dated 27 February 1875, F807.

This same file (F807) contains many receipts signed by Maori during the period 1872-75 usually for two pounds. Such payments were part of the 'subjectification' process directed at dividing Maori and breaking tribal or family resolve. The process would appear to have been applied in connection with the lease referred to above. Acquiring a lease of Maori land was, of course, a first step to enclosing the land. After enclosure the land had little chance of being sold to anyone but the occupying tenant. Moreover, improvements to the land (fences and grass) had to be reimbursed to the sitting tenant by the Maori owner in the event of a sale. Further pressure could be exerted by European leaseholders by withholding the rent due, thus forcing Maori to transfer the land to the occupying tenant in order to obtain cash for living expenses. Alternatively Maori could be encouraged to consume various goods (including rum) and sign a mortgage recording the debt.

By the application of such strategies as explained above, an agreement to sign a conveyance would eventually be achieved. It was a slow process as most large blocks of land had many registered Maori owners and all had to be persuaded to sign. WKM recorded:

All the signatures have been got to the conveyance of Block No 3, and steps are being taken to bring it under the Land Transfer Act. No 2 lease was sent to Mr Stevens who wrote to say Kawaria Hunia's wife refused to sign (the conveyance) until she had communicated with Renata.

Letter from WKM to Sir Donald dated 22 March 1875, F436.

Maori who were influential, like Tareha, were usually granted their requests by WKM as he knew that it was important to prevent them from supporting Sheenan and the Maori Committee and there is later evidence to show that Tareha was astutely using his favoured position with Sir Donald to obtain some redress for his people.

I drew rent for Karorari's children at the request of Tareha who came in to receive it.

Karaitiana instructed Sheenan to see you about his sheep, he has not received them. He is very anxious but I told him that he was not likely to get them.

Letter from WKM to Sir Donald dated 22 March 1875, F436.

Maori who employed the services of Sheenan were not likely to be well received as the lawyer Sheenan was much feared by landowners in the district.

The activities of lawyers like Sheenan may be interpreted in terms of 'resistance' to power. Foucault (1980, p. 156) argued the bourgeoisie was never assured of its hegemony.

It is a machine in which everyone is caught, those who exercise power just as much as those over whom it is exercised. There are no relations of power without resistances; the latter are all the more real because they are formed right at the point where relations of power are exercised; resistance to power does not have to come from elsewhere to be real, nor is it inexorably frustrated through being the compatriot of power. It exists all the more by being in the same place as power (Foucault, 1980, p. 142).

However, an opportunity to buy back Maori support was never missed. WKM commented: " Karaitiana called on me to borrow ten pounds and entered into a long conversation" (letter from WKM to Sir Donald dated 18 June 1875, F436).

Meanwhile, it would appear that Sheenan and the Maori Committee had won over Tareha and obtained a power of authority to act on his behalf. WKM, however, was ready to counter this situation and informed Sir Donald:

I am trying to get Tareha out of Sheenan's clutches. I have instructed Lascelles to prepare a document rescinding all former authorities empowering him to act for Tareha. On completion I shall take it out to him for signature and then go into a full explanation of his account in order that he will thoroughly understand the position.

Letter from WKM to Sir Donald dated 28 June 1875, F436.

WKM could not have been entirely successful in explaining the accounts to Tareha, as the matter was raised with Sir Donald a few months later: "There are vouchers to show that Tareha received over 300 [pounds] - I think that is all that is necessary" (letter from WKM to Sir Donald dated 12 November 1875, F436). Tareha at this stage must have been convinced by WKM's power/knowledge argument for at this point his name vanishes from the files. Tareha's weakness was that he had no written records to refute or counter WKM's records and receipts, only his oral memory of events which, as Sheenan would have realised, was of little value in a European court in 1875. That Tareha must have lost his land and prestige is indicated by one final remark made by WKM six years later to Sir Robert, Sir Donald's son and heir:

Old Tareha died. He was poor enough goodness knows. His only vice was polygamy. His virtues were many. He was a staunch friend to the European and that in a Maori should cover a multitude of sins.

Letter from WKM to Sir Robert dated 1 January 1881, F854.

Apart from the particular discourse evinced in the above letter it is evident Tareha must have died in poverty. His lands and those of his tribe had been absorbed into the McLean estate. Tareha's loss illustrates how accounting information becomes power/knowledge and how such information was important to promote individual European interests.

Adequate written records and correct accounts were essential in the ideological battle for land which took place at this time. WKM knew how to apply the

accounting knowledge at his disposal to achieve his client's gain. WKM reported:

It will take me a few days or rather weeks to write up the Books and furnish statements of the several purchases from the natives but I will lose no time in getting the work done.

Reverend Ian Williams wrote that Tupuru was baptized on 29 November 1856 so it will not be safe to enter him as of age before November 1878.

Letter from WKM to Sir Donald dated 28 June 1875, F436.

The assumption to be gained from the last paragraph above is that Sir Donald held some lease or mortgage that was signed but incomplete, and that such a document would have no validity until after 1878. Technicalities such as obtaining leases and mortgages from minors were one of the few grounds upon which lawyers like Sheenan could overturn land transfers in the courts. WKM had obviously sought confirmation of Tupuru's age before whatever document they held was completed. Some time later such a document would be produced to facilitate a land transfer.

Perhaps, WKM had the dread prospect of further litigation in mind when he wrote the above as the same letter ended with a note of irritation: "The Maori Committee is still very busy, Sheenan is employed to look after the legal rights - or what they consider so." The latter remark implying no doubt in WKM's mind as to the legitimacy of his methods, a legitimacy supported by the discursive and normalising practices of the time.

The activities of the Maori Committee necessitated that small discretionary payments continue to certain Maori who had lost their land.

Hirini and Rora have gone to Poverty Bay and I was obliged to advance Hirini 5 [pounds]. They seem firm in their loyalty to our side and I don't like to snub them when they ask for assistance. Of course I avoid giving them more than I can possibly help.

Letter from WKM to Sir Donald dated 16 August 1875, F436.

The expression 'loyalty to our side' reveals a discourse of division and resistance, an adversarial approach, and indicates a sense of belonging to a group. For these reasons, WKM should not be viewed as an isolated 'rogue' accountant - a despised member of his profession. WKM belonged to a 'side' which, however it may be regarded today, was at that time powerful and supported by most professionals and their various disciplines. Foucault (1980, p. 93) referred to a triangle of power, right and truth. Power produces a discourse of truth which in turn reproduces power (p. 93).

However, for Maori to be considered 'loyal' by WKM, the letter implies that they must have surrendered their assets without resistance and for inadequate compensation.

Towards the end of 1875 any danger of having titles overturned through the work of the Maori Committee had passed and after this date mention of Maori attempts to regain lost land fades in the correspondence. At the same time it

would appear also that the practice of giving small discretionary payments to Maori ceased.

Shall I see Renata and get him to induce Temuera to withdraw or will you drop a line?

I hope you resist any attempts to obtain a Commission to enquire into native affairs in the district - we have had enough of commissions already. When the natives find that they are losing by going to Law they will get tired of it.

Letter from WKM to Sir Donald dated 30 September 1875, F436.

The last sentence written by WKM above, shrewdly summarised the Maori situation in 1875: they did 'get tired of it'. The Maori cause to reclaim lost lands was finished. All attempts to obtain a hearing for land grievances had failed. In the 1860s, Maori had fought for their land rights, and that failure had brought large scale land confiscation. They had tried appealing to the European courts but, without written evidence, Maori oral statements of promises given were easily rebutted by defence lawyers reinforced with documentary evidence of past transactions showing signatures, dates, and amounts paid over. In other words, 'sovereign law' as enshrined in the Treaty, had been marginalised by a process of 'normalisation' which in Foucault's words, had 'colonised' the law and 'surmounted the rule of right' especially at a local level.

With every avenue of resistance blocked there was little that could be done. Maori were entering a period of despair and discouragement. Oliver (1960, p. 248) wrote: "In the face of handicaps Maori numbers dwindled and Maori

standards fell."

Resolving the Cash Flow Problem of the Estate (1875-76)

One of WKM's responsibilities as estate accountant was to institute the sale of property which had little financial value to the estate as a whole. Such sales were recommended by WKM to improve the estate's cash position which in the estate's expansionary phase was always critical. A block of rough hilly land known as the 'Upper Run' was earmarked for sale and the correspondence illustrates the extent of WKM's duties:

Rochfort starts for the station to survey the boundary line of the Upper Run which is to be offered for sale. I have offered it to a gentleman from Dunedin. If it does not sell in one block I think I shall be able to get two or three small men.

Letter from WKM to Sir Donald dated 11 January 1875, F436.

The gentleman from Dunedin evidently was not impressed but WKM, as he promised, persevered with the sale. His efforts were not rewarded and as with the sale of Akitio, price was the problem. WKM wrote:

I have introduced one or two parties to the Upper Run but without favourable result. They consider 2 [pounds] per acre too dear and were not disposed to give me even 30 [shillings].

Letter from WKM to Sir Donald dated 22 March 1875, F436.

Sir Donald was loath to reduce his price but WKM kept pressing the need to sell as the estate badly needed capital to effect improvements on the existing farms. Akitio was, in theory still for sale, but due to an increase in interest rates at the end of 1874 the property market had declined. In a letter dated 16 July 1875, WKM rejected Sir Donald's proposal that the land could be leased for 1,500 per annum as such a sum would not solve the pressing cash flow problems which beset the estate. Instead WKM recommended that the Upper Run be made a more attractive proposition by including two cottages and 17,000 acres of richer land, the whole lot to be sold for 25,000 pounds. His authoritative discourse concluded: "I strongly recommend you sell" (letter from WKM to Sir Donald dated 16 July 1875. F436).

In spite of WKM's suggestions the land did not sell, but in January 1876 the estate's cash flow problems were finally resolved when a wealthy Australian, James Armstrong, bought Akitio for 35,000 (pounds), the amount that WKM had valued the estate to be worth, based on European ownership, anticipated returns and prevailing interest rates. The proceeds from the sale were used to clear the overdraft at the Union Bank and repay all short term creditors and bills outstanding (letter from Robert McLean to Sir Donald dated 19 January 1876, F439). Financially the estate was now in a very healthy position.

Estate Discipline and Control (1875-76)

In April 1875, WKM was having problems with Condie, the farm manager of the

Maraekakaho, the largest station within the estate. The correspondence indicates that although Condie was respected for his management ability by both Sir Donald and WKM he was difficult to deal with and disliked interference. An argument arose between WKM and Condie, and WKM reported:

I shall ask Condie to explain what he means by telling you that he lost considerably by my stopping the sale of old ewes. Such an assertion is simply preposterous.

Letter from WKM to Sir Donald dated 28 April 1875, F436.

Whether WKM had extended his authority to make decisions about which stock was to be sold, and when, will never be known. WKM, as stated above, denied such actions but the issue was serious enough for Condie to resign. Condie was persuaded to stay on for almost a further year until such time as a suitable replacement manager could be found. Eventually it was decided to promote, at WKM's suggestion, Archy McLean the assistant manager. The resignation of the manager of such a large station was of interest to the province and mention of Condie's resignation appeared in the local Hawkes Bay Herald, 2 May 1876. When Condie finally left WKM recorded:

I have squared up all the station accounts and opened new books for Archy McLean - I think he will make a good manager but for the first few months I shall have to visit him occasionally.

Letter from WKM to Sir Donald dated 21 April 1876, F437.

It is evident that Archy McLean responded better to the system of disciplinary control established by WKM, and as a result WKM visited Maraekakaho more often, whereas during Condie's term of management he seldom went to Maraekakaho. Condie's leaving thus extended Sir Donald's 'gaze' as besides the farm manager's reports, Sir Donald could now obtain a second opinion from a flow of reports from WKM. The following account from WKM illustrates the system established:

I found the station books in a forward state. All the entries being properly made in accordance with the system laid down when Archy McLean took charge.

A great many improvements have been effected since my last visit to Maraekakaho. Woolshed and shearing yards have been altered to economise time and labour and enable the manager to scrutinise the work of each shearer. Formerly it was impossible to discover who was at fault if a sheep was badly shorn and now if a man does his work badly he is found out.

Five acres have been put to potatoes for station use and will be a great saving of expense. The portion of the Run I rode through was looking remarkably well.

Letter from WKM to Sir Donald dated 13 September 1876, F437.

Sir Donald must have been heartened by such a report not the least for the 'disciplinary' improvements that had been effected. The whole system of accountability and control had been tightened now the independent Condie had left. It is also evident from the discourse that WKM approved of the new manager and a system which enhanced disciplinary surveillance (see the last sentence of the second paragraph quoted above). Once again the emphasis

on disciplinary improvements aimed at increased efficiency and productivity suggests a Foucauldian interpretation of WKM's role rather than explaining his role in traditional stewardship terms.

WKM's approval of Archy McLean may have been a factor in dismissing the application of another for the post of station manager at Maraekakaho. It is assumed that Archy McLean must have been on some sort of probationary period. WKM reported:

Tuke would be willing to succeed Condie at Maraekakaho if the situation were offered. I think this was put out as a feeler and I merely give it to you as I heard it. My own impression is that Maraekakaho would go to the dogs if he were placed in charge of the place.

Letter from WKM to Sir Donald dated 17 December 1876, F437.

Thus ended Tuke's tentative application for the post of station manager.

The degree of judgement allowed WKM was in some ways considerable. For example, WKM casually mentions a change in the terms of a tenant's lease:

I went up to the station gave Mr Smith two and a half acres, which satisfied him and he signed the agreement. At his request I altered the term from 21 to 7 years.

Letter from WKM to Sir Donald dated 26 August 1875, F436

Lastly, WKM was often the source of information with regard to farmers with

properties adjoining the estate. In these matters as in others, WKM's on the spot impressions were vital to Sir Donald and enabled him to make informed decisions from a distance. WKM commented:

Collinson has been to me twice lately, he intends to give you notice to fence immediately. I think it is a dodge to get you to make an offer for his land.

Letter from WKM to Sir Donald dated 16 August 1875, F436.

However, as WKM probably realised, Sir Donald was not interested in buying land from European farmers - there was little profit in it.

Remuneration and Personal Financial Difficulties (1875-78)

These issues are relevant because they indicate the relationship WKM had with his client/principal and they illustrate the difficulties facing someone practising accountancy in a rural district at that time. Evidence in the form of receipts and invoices contained in the files (F807) indicates, however, that WKM had a large family (school fees for at least four children), rented rather than owned a house, drove a hired buggy, and drank and ate daily at the Masonic Hotel, Napier. It may be alleged, then, that WKM enjoyed a good, if slightly extravagant, life style.

In June 1875, WKM wrote a strong and rather reproachful letter to Sir Donald. The letter, perhaps, indicates a growing determination on the part of WKM in

his dealings with Sir Donald. WKM protested as follows:

I regret you did not see your way to sign the bond for me. The Bank would hold it as collateral security over any fluctuating overdraft I may require to the extent of 500 [pounds]. I mentioned that I made no claim against you for the three years I was Defence Accountant although I worked as hard for you privately during those years as at other times. Had I asked, according to the promises you made me I should have claimed 300 [pounds] for three years service but my idea was that it would be more convenient for you to give me the guarantee than a cash payment.

I have laboured for you unceasingly at a time when things are not so clear as they are now and I am sure you will admit that owing to my management and advice you have succeeded in bringing your affairs to a satisfactory solution. I have risked my own interests in looking after yours and your enemies have become my enemies with whom personally I am in no way at variance.

I enclose the form which it is necessary for you to sign and return as soon as possible or send a cheque for 300 [pounds].

Letter from WKM to Sir Donald dated 28 June 1875, F436.

The last paragraph reads like an ultimatum as Sir Donald had earlier rejected signing a bond. The letter was a courageous and determined effort by WKM to press the matter to a definite conclusion: either Sir Donald would sign the form, or renege on an earlier promise ignoring the strong appeal WKM registered in the second paragraph.

Sir Donald reacted with uncharacteristic promptness for within a fortnight, virtually by return post, WKM received a cheque for 300 [pounds]. Ward (1973, p. 258) described Sir Donald as being not above bluster and deceit, but he was

an astute politician and knew when it was in his interest to yield. If WKM had not written so strongly it is likely Sir Donald would never have kept his earlier promise. Moreover, the loss of WKM's services would have made it difficult for Sir Donald to control his estate, and perhaps more importantly, he realised WKM possessed too much knowledge to be casually dismissed. Furthermore, Sir Donald had made many powerful political enemies who, he knew, were looking for an opportunity to bring him down. He could not afford to alienate WKM and risk his reputation and estates. Nevertheless, 300 pounds for three years part-time service was quite a substantial sum and demonstrates the importance of WKM's work to Sir Donald's estates.

After receiving his cheque for 300 [pounds] WKM began to negotiate an annual remuneration or fee. He was careful to explain the difference between just keeping the accounts and being involved in other discretionary activities such as paying cash to Maori. The tone of the letter reflected a growing self-confidence in his correspondence with Sir Donald:

In regard to remuneration 50 [pounds] a year would pay me very well if I only had the accounts to write up but I find I cannot discharge all the duties required of me in connection with native and other matters for less than 100 [pounds] a year. Native affairs are especially very troublesome and take up a great deal of time but for the present year ending 30 June 1876 if agreeable to you we will fix the salary I am to receive at 100 [pounds].

Letter from WKM to Sir Donald dated 15 July 1875, F436.

That WKM had some other 'agency work' in Napier is apparent from a letter that he wrote to Sir Donald to announce he was forming a partnership - this may have been an act of courtesy or WKM may have felt Sir Donald's approval was necessary. WKM wrote:

I have arranged a partnership with Mr Buck of the Audit Department to commence 1 January next. He is to pay me 600 [pounds] and we are to commence by paying in 250 [pounds] each to Capital Account.

Letter from WKM to Sir Donald dated 22 October 1875, F436.

In spite of receiving the above sum from his new partner by July 1876 WKM was seriously in debt. He appealed to Sir Donald stating: "I must pay the Bank 500 [pounds] or I will have to sell out" (letter from WKM to Sir Donald dated 6 July 1876, F437). Apparently, the bank was not satisfied and WKM wrote again for a guarantee from Sir Donald to cover an overdraft with the Colonial Bank for 1,800 pounds (letter from WKM to Sir Donald dated 20 July 1876, F437). That Sir Donald had met these requests was acknowledged in a letter where WKM refers to Sir Donald's 'great kindness' (letter from WKM to Sir Donald dated 5 August 1876, F437). Moreover, at Sir Donald's recommendation John Kinross offered WKM further employment at 'Birling Down' at a salary of 200 pounds a year. This last offer to rescue WKM from debt was declined by WKM (letter from WKM to Sir Donald dated 2 September 1876, F437). Nevertheless, it is interesting to note that WKM was in a position to turn away work worth 200 pounds a year and reinforces the proposition that the practice of accountancy was growing in importance within the colony.

That WKM became so seriously indebted can be explained by his extravagant lifestyle. However, these exchanges reveal a significant change in WKM's relationship with Sir Donald, especially as it should be recalled that the latter was not a generous man and extremely frugal with money. The reality of their new relationship was that there now existed between them a situation of mutual dependence. Sir Donald could not afford to alienate WKM; while for WKM, Sir Donald and his supporters were his chief source of income in the Hawkes Bay region. In other words, power is multi directional and is not just applied from the top to those at the bottom. It is not always easy to identify where power lies (Lemert and Gillan, 1982, p. 111).

As mentioned earlier, one reason for Sir Donald's need to retain WKM's loyalty was that his enemies were seeking to destroy his reputation and political career. Indeed, for his official reputation it was fortunate that Sir Donald died on 5 January 1877, aged fifty-six, because in October 1876 Sir George Grey began to denounce Sir Donald in parliament. Grey moved that no Native Minister should hold office while at the same time engaged in private land transactions with natives. He maintained that one million pounds of public money was spent annually by gentlemen in the Native Department at their discretion. Grey suggested (NZPD, Vol. 23, p. 363):

Suppose those gentlemen distributing these funds, which gave them great influence with the natives, had stripped them of all provision which had been providently made for them and their descendants, and had realised enormous fortunes in so doing. Would they [the members] not think it a blot upon the history of the country?

Sir Donald attempted to defend his private land purchases in parliament but became ill and resigned his parliamentary seat in November 1876, shortly before his death.

WKM and Sir Robert McLean 1877-1881

Immediately after Sir Donald's death WKM wrote to the deceased's only son, Sir Robert: "Should you require my services you know they are fully at your disposal" (letter from WKM to Sir Robert dated 8 January 1877, F854). Sir Robert accepted WKM's offer and departed for Britain. It is probable that Sir Robert, aware of the allegations made by his late father's political enemies in parliament, considered it prudent to leave New Zealand. Sir Robert had been educated in England and had earlier returned to New Zealand at his father's insistence (letter from Sir Donald to Sir Robert dated 16 December 1870. F333).

During Sir Robert's absence the affairs of the estate appeared to have progressed smoothly. The growth phase was complete and operations were much more routine. Management policy was confined to consolidating and slowly improving existing properties. Sir Donald's old friends and associates J D Ormond and J Kinross held powers of attorney during Sir Robert's absence. WKM wrote:

I get a fair amount of accountancy work but the payments are irregular and very often I am several weeks without a copper. I spoke to Kinross on the subject and he advanced me 50 [pounds] on the understanding your consent would be obtained.

Allow me to draw half my salary leaving the other half to liquidate my debt to you. I have done good service in the past and I am ready and willing to continue in the performance of duties entrusted to me by your father.

Letter from WKM to Sir Robert dated 28 January 1878, F807.

By October 1878, WKM was able to report to Sir Robert that the estate for the year ended 30 June 1878 had made a net profit of 8,222 pounds (letter from WKM to Sir Robert dated 11 October 1878, F854). This result would have pleased Sir Robert as he was contemplating buying the shooting estate he had leased in Scotland for 57,500 pounds (letter from Sir Robert to WKM dated 6 November 1878, F110)

Meanwhile, the value of the estate in New Zealand had risen. WKM reported on Sir Robert's increased wealth:

Assets have risen since your father's death by 100,000 [pounds] from 110,759 [pounds] to 210,759 [pounds] but I will not disturb these values until you return to the colony when we will go through the list together.

Letter from WKM to Sir Robert dated 28 February 1879, F854.

WKM was obviously ill-informed of Sir Robert's intentions in assuming the latter's imminent return from Britain. In the same letter WKM reports on his

discretionary dealings with a Maori who was proving difficult:

I have not been able to get Tupurupuru's succession order to Ngatarawa No.4. He is constantly asking me for money and I have made small payments to him from time to time with a view to keeping him in good humour but now I have ceased to do so. It is quite probable I shall have to pay him a larger sum if the matter can be properly settled.

I could do nothing with Karaitiana, he has been going mad for the last twelve months and died a raving lunatic.

Letter from WKM to Sir Robert dated 28 February 1879, F854.

The last paragraph refers to Karaitiana, a local chief, who had been used by Sir Donald in order to obtain land. How much the loss of his ancestral land had caused the madness referred to above is open to conjecture, but historians have pointed out that the period subsequent to land loss was for Maori a period of decline and depression (Oliver, 1960, p. 248). Maori had, as Sir George Grey observed in parliament, been 'stripped of all provision' (NZPD, Vol. 23, p. 363). Such changes may be interpreted, as illustrated in this case study, as the result of the exercise of power relations: "there are those who benefit from the exercise of power just as there are those who suffer (Foucault, 1977b, p. 213).

Sir Robert in England became concerned when he heard that the firm of Potter and Wilson, which collected the proceeds of the estate's wool exports, suddenly became bankrupt in January 1879. He rebuked WKM for failing to keep him adequately informed:

You must know that I look to you for information in many important matters and that more especially at this time. I would be anxious to hear from you respecting financial arrangements necessitated by Potter Wilsons failure - and that if there was one time more than another when I wanted to be in possession of particulars regarding accounts - and how it stood - it was the present.

Letter from Sir Robert to WKM dated 28 January 1879, F110.

However, WKM was able to reassure Sir Robert that all was well and only John Kinross had lost because of Potter Wilson's failure (letter from WKM to Sir Robert dated 28 March 1879, F854). Although the urgent appeal in the letter does serve to underline the importance of accounting information and the accountant to 19th century absentee landowners. Indeed, Sir Robert's concern reveals his lack of power because he never knew whether knowledge was being withheld or not.

Safeguarding his principal's assets still concerned WKM and it would appear that Sir Robert did not always appreciate the significance of this work. Sir Robert's enquiries focused more on profits (or possible losses) and asset valuations. WKM reported:

Engaged in accounting work for Captain Porter. Perjury charge against Kinross has been dismissed. If this had succeeded Rees [a member of parliament and opponent of the McLean family] intended to have a fling at Ngatarawa 4 and 5 on the grounds of Kinross having supplied spirits to natives as part of the purchase. It is to be hoped he [Rees] will take warning and leave other people alone.

I am of the opinion that the land having been given to these people for their use it would look bad to prevent their occupying.

Letter from WKM to Sir Robert dated 21 June 1879, F854.

It is noticeable in the above that WKM does not deny the charges against Kinross but does appreciate their significance. Accordingly, he advised Sir Robert of this knowledge, which though not expressed in numerical values, had the potential to undermine the estate's asset structure. Moreover, with reference to the last paragraph of the above letter, it would appear that WKM is defending the right of Maori to occupy the 100 acres of Ngatarawa land reserved for them at the time of purchase. This defence of Maori rights by WKM should not be interpreted as an humanitarian gesture. WKM was simply acting in his professional capacity to safeguard the asset structure of the estate, and was more aware than Sir Robert of the damage that adverse publicity that could do to the estate.

Sir Robert would have been much more pleased by WKM's next letter which reported a record net income of 14,399 pounds and the added comment that: "The station looks remarkably well at present" (letter from WKM to Sir Robert dated 22 August 1879).

Consolidating and safeguarding the assets continued to concern WKM. His final achievement in this regard concerned the Ngatarawa purchase. WKM reported:

Tupuru's succession order obtained and his signature to a final deed on my paying him 150 [pounds], He demanded 300 [pounds] at first but I worked him round to take 150 [pounds]. I have also got Takiki to

surrender his life interest in Ngatarawa 4 for the sum of 200 [pounds]. This will put a stop to further squabbling.

Letter from WKM to Sir Robert dated 14 August 1879, F854.

Having secured the assets of the estate WKM could confidently pronounce on new valuations, and in the following year estimated Sir Robert's equity at 200,000 pounds. A truly remarkable growth rate achieved in a very short period by transferring the assets of an entire community into the possession of one individual. Such, transfers were in terms of the Treaty inconceivable, but the discursive practices and normalising sanctions of the 'new human disciplines' had 'surmounted the rule of right' and made possible large scale land alienation.

With regard to the Balance Sheet as at 30 June 1880, WKM remarked:

The station net profit is 9,807 [pounds] and the balance of assets over liabilities is 123,177 [pounds], but properties remain at value as at your father's death. They are worth considerably more but I have not taken the responsibility of correcting those values. I am certain however the surplus instead of being 123,177 [pounds] would be little short of 200,000 [pounds].

Letter from WKM to Sir Robert dated 5 August 1880, F854.

WKM went on to warn that John Kinross of Kinross and Company owed 2,174 pounds and could 'go bad'. WKM also announced that he had employed a Mr

Clunie, a young intelligent man, to assist with the accounts. WKM's business was expanding.

It is evident that at this stage in his career WKM was prepared to rebuke his employer. Sir Robert complained that the accounts were a long time making an appearance to which WKM responded by claiming he should be praised for having 'posted up the books and statements so expeditiously'. Plainly irritated by Sir Robert's complaints that he lacked sufficient accounting information WKM wrote: "I have used every effort to keep you well acquainted and shall be considerably disappointed if you were not satisfied" (letter from WKM to Sir Robert dated 1 January 1881, F854). Nevertheless, Sir Robert's complaints do illustrate the growing importance of accounting knowledge, particularly as Sir Donald had at one time managed without this resource before he engaged WKM.

In spite of Sir Robert's complaints, it would appear from the frequent expressions of 'your great kindness' in the correspondence, that Sir Robert was more generous or easier to obtain funds from than his father. On several occasions the correspondence contains WKM's thanks for Sir Robert's donations (usually of 50 pounds) towards his family's education (see for example letter from WKM to Sir Robert dated 22 January 1881, F854).

Later in August 1881, WKM after reporting a net profit for the year of 9,477 pounds (see Appendix 7 for 1881 Balance Sheet) urged Sir Robert to return to

New Zealand:

Many things require your personal attention. Financial arrangements should be on a different footing and the position of all persons employed clearly defined. I am getting rather too old for the service and shall have to request you to relieve me when you have received an account of my stewardship. A thorough re-organisation is necessary and I recommend you to do it without delay. As far as management of the run is concerned nothing could be better but business requires it to be placed on a different basis.

I am managing Robert Rhodes affairs in the Gisborne district and cannot always get away.

Letter from WKM to Sir Robert dated 20 August 1881, F854.

As a result of WKM's lack of time to devote to the estate due to his other engagements, in December, Sir Robert returned from England to take over the management of the estate.

Conclusion

This chapter set out to accomplish two interrelated aims. The first was to demonstrate some of the proactive aspects of accounting practice in colonial New Zealand. To achieve this end the career of an early New Zealand accountant has been documented. The case study showed that WKM was not a neutral bookkeeper but an accountant in charge of a large estate where he was expected to use his power/knowledge with discretion. The case study also showed repeated not isolated examples of the proactive aspects of accounting practice which may be seen as necessary features of such a position. WKM

was expected to recommend, comment, advise, report, safeguard assets, manage and control, besides providing accounting information. Of course, not all the correspondence has survived, particularly the replies from Sir Donald, and to avoid undue repetition some editing of letters was necessary. However, it is argued that enough examples have been provided to show the extent of discretionary activity necessary in such an accounting position. Barlev and Goldman (1974) maintained that the hallmark of a profession was the exercise of judgement. "The higher the proportion of non-routine problems dealt with by a professional, the more power he wields vis-a-vis the client (p. 711). The services of WKM became more valuable because he became increasingly involved in non-routine functions.

The second and related aim of this study was to illustrate the growth in the importance and power of accounting. This case is an example of the transformation, referred to by Hoskin and Macve (1991, p. 10), from the traditional humble status of bookkeeping to the highly paid and respected status of an influential profession. WKM's independent career began with an offer to keep Sir Donald's books on a part-time basis, but his role as an accountant expanded to incorporate much more than routine bookkeeping. Although, WKM appeared to be persistently in debt, his income grew rapidly and by the standards of the day was very rewarding,⁵ and (judging from the lucrative

⁵ Labourers earned an average of 75 pound per annum and the salary offered for the Town Clerk's position in Napier was 150 pounds per annum. WKM was (see letter dated 2 September, 1876) able to decline an engagement offering 200 pounds per annum.

engagements he declined, and his voluntary surrender of the McLean family work because of the pressure of other engagements) his business prospered in the district.

In other words, the evidence provided by this case study suggests that opportunities for accountants in this rural region of New Zealand were expanding. Yet when WKM first went to Napier, he was uncertain as to his prospects for work and contemplated trying for the position of postmaster.⁶

It is argued that his growth in power and importance was derived from at least three features of modern accounting: discourse, discipline and power/knowledge.

WKM established his worth fairly early in Sir Donald's employment by speaking with authority on financial matters. Many of his discourses were accepted and became estate policy. Also WKM's authority on financial procedures was evident as he occasionally rebuked Sir Donald on these issues. WKM, it has been stated, was involved in a network of power relations where he became both a consenting target and an element of power articulation. That is, he was eager to be used and use others, particularly Maori chiefs. But these power relations were multi-directional. At times WKM's discourse appear to be serving Maori interests. For example, the case has shown how local chiefs would use

⁶ An exploration of the early history of the city of Napier would suggest that WKM may have been the first accountant to establish an office there. However, records are incomplete, but certainly WKM would have been among the first few.

their influence to obtain money from him for needy families. Also WKM recommended (because he feared adverse publicity) Sir Robert to leave intact a grant of reserve land for Maori which had been a condition of an earlier land transfer. These and other examples quoted indicate that WKM articulated power relations in both directions.

The disciplinary features of accounting illustrated in this case are more controversial and open to different interpretations. Some would argue that WKM acted the role of the estate steward and his reports on the estate reflected no more than the performance of this traditional role. On the other hand, Foucault (1977, pp. 210-211) maintained that, from the 18th century, modern disciplines adapted the stewardship role and introduced a positive, disciplinary function. This disciplinary/surveillance function being a reason for the growth in the importance of the human disciplines such as accounting. It has been argued that this case illustrates the modern disciplinary function of accounting rather than the traditional stewardship function.

Lastly, the growth in the importance and power of accounting may be attributed to its power/knowledge effects. The case illustrates Sir Donald growing dependence on WKM, especially before his death when his political enemies were seeking ways to bring him down. WKM began to be well rewarded about this time. WKM's correspondence with Sir Robert also illustrated WKM's power/knowledge. For example, when Sir Robert protested from England that WKM was withholding information, WKM rebuked Sir Robert for his beliefs.

The impression is, however, that Sir Robert, because of his lack of knowledge, never knew whether WKM was holding back information. It was a situation which placed Sir Robert in a vulnerable position. About this time Sir Robert began to surprise WKM with donations of 50 pounds towards his family's education. These gifts may have reflected Sir Robert's growing reliance upon WKM and Sir Robert's desire to retain WKM's services.

For the reasons given, it is claimed, that the case illustrates that the growth in the importance of accounting was derived from its particular discourse, its disciplinary effects and the power/knowledge systems it generated.

CHAPTER 6

THE LIMITED CIRCLE AND THE NEW ZEALAND NATIVE LAND COMPANY

Introduction

The purpose of this chapter is to illustrate the importance of accounting knowledge by reconstructing some aspects of Auckland's business history in the 1880s. The period from 1880 to 1890 was unique in New Zealand's business history. In the context of general but short-lived prosperity, there was a sudden increase in company formations - many of which were extremely speculative ventures. Auckland was (and still is) the commercial centre of New Zealand and the increase in investment activity may be directly related to the earlier passage of the New Zealand Companies Acts 1860 and 1882, the Native Lands Act 1865, and the Immigration and Public Works Act 1870. The effects of the latter Acts were to make available more land for agriculture and more European workers to develop the land. Additional supplies of land and labour combined in the early 1880s to produce a climate of economic growth and rising prices. However, the sense of general prosperity was short lived and a few years later many of the newly formed Auckland companies were struggling. The case study sets out to examine the part played by accounting discourse and knowledge in this brief surge of investment confidence. It was a period in which accounting information and audit procedures were without specific regulation apart from certain general requirements laid down in the Companies Acts.

Chua (1986, p. 624) observed that: "Accounting information may only be used symbolically to rationalise or legitimise power relations." In much the same vein, Cooper and Sherer (1984, p. 208) suggested that in capitalism: "... accounting faces the danger of becoming a mere tool of powerful groups." The study reveals how these statements reflect the nature of much of the accounting information produced by Auckland companies throughout the 1880s.

The specific objectives of this study are:

- to consider the role of elite power groups with privileged access to knowledge in the context of some company formations in Auckland;
- to demonstrate how speculation in Maori land resulted in land transference and the re-distribution of wealth; and
- to examine the use and influence of accounting discourse and knowledge as a means to rationalise and legitimise power relations.

The case study is focused on the activities of a small group of leading Auckland businessmen, known to their contemporaries as the 'limited circle'¹. The narrative is organised to move from the general to the particular as follows. First, a background explaining the nature of the Auckland capital market is

¹ The term 'limited circle' was first used by the Shareholders' Audit Committee of the Bank of New Zealand which was established in 1886 to investigate the affairs of the Bank. The shareholders alleged that the Bank was in the hands of a limited circle which dominated the board of the Bank and controlled many other Auckland companies through a series of interlocking directorships. That such a 'limited circle' existed was acknowledged by the later parliamentary investigation of the Bank in 1896 (Appendices to the Journal of the House of Representatives (AJHR), I-6, p. 5).

presented. Second, the character and business affairs of the three businessmen who were most dominant in the activities of the 'limited circle' is described. Third, another section details how the privileged use of accounting knowledge advantaged those with knowledge and disadvantaged shareholders. Fourth, some descriptions of auditing and accounting information procedures then prevailing are provided. Finally, this chapter focuses on a particular company's history - that of the New Zealand Native Land Company (NZNL).

Research Method

This case study is based on material published from 1881 to 1891 in the New Zealand Herald, a major daily newspaper in the 19th century. Back copies of the New Zealand Herald are held on micro-film in the University of Waikato Library in Hamilton. It was necessary to search many files to assemble material for this case study, and some thirty press reports were selected. All the reports selected contained some information relevant to re-creating the history of the NZNL.

Other primary source material was gathered by analysing the files comprising the Sir John Logan Campbell Papers held at the Auckland Museum Library. This rich archive of business history proved frustrating as much of the handwriting contained in the correspondence had faded or was too indecipherable to be of use. Some sixteen letters were eventually selected as readable and useful to this study. Relevant extracts were selected; first, to

outline the business activities of leading 'limited circle' entrepreneurs (some fifteen names were regularly associated with the 'limited circle' and though its members varied from time to time, most of them were or had been directors of the Bank of New Zealand) with particular reference to events leading up to the Auckland share market collapse of 1886 and, second, to provide a particular history of a company in which those same entrepreneurs were involved.

The overall approach has been descriptive but throughout, an attempt has been made to interpret the narrative content to show that the discipline of accounting was an important source of knowledge which served to legitimise the activities of an elite group of dominant Auckland businessmen, i.e. the 'limited circle'. Some New Zealand secondary sources have been cited to extend and enrich this investigation.

The Auckland Capital Market

According to Stone (1971b, p. 383), the mark of commerce was upon 19th century Auckland, more so than upon any other New Zealand settlement. The town's leaders were its businessmen. In other settlements, politicians, government officials and wealthy farmers were the persons of social consequence, but in Auckland life was dominated by the business community.

Phillips (1966, p. 78) maintained that merchants/capitalists were the dominant element in Auckland's upper class. This domination by businessmen was what

made Auckland different from the rest of colonial society. Wealth was the main criteria of status, even surpassing that of birth or function. Moreover, the views of wealthy capitalists shaped community attitudes. For example, the important and influential Southern Cross and New Zealand Herald newspapers were owned by a group of merchants using it as a 'mouthpiece for their views' (Phillips, 1966, p. 78).

By 1880, Auckland had replaced Dunedin as the commercial capital of New Zealand. Auckland's pre-eminence was in the size of its financial institutions which included the Bank of New Zealand (BNZ), the New Zealand Loan and Mercantile Agency (NZLMA) and the New Zealand Insurance Company (NZI). These companies were national institutions with widespread interests and influence. The BNZ was the largest bank in the colony and possessed a network of 98 branches.

The 1881 Census of New Zealand, showed that Auckland possessed by occupational classification 40% of the colony's self-described capitalists; 20% of its merchants; 36% of its persons of property; 41% of its brokers; 42% of its pawnbrokers; and 21% of its lawyers. The Companies Act 1860 provided a great stimulus to Auckland business and, of the 629 companies formed in New Zealand from 1860 to 1881, 35% were registered in Auckland. From 1882 to 1890, a further 717 companies were formed under the provisions of the Companies Act 1882 and 29% of these were registered in Auckland (Statistics of New Zealand, 1882, pp. 210-219). There was a greater concentration of

business and commerce in Auckland than anywhere else in New Zealand.

The New Zealand Herald of 28 May 1874 reported that Auckland could boast a larger number of 'paying' companies of various descriptions than could any province in New Zealand. The newspaper report included the comment that: "It is understandable too, that many investors should be drawn into new companies promoted by businessmen whose success in the past could be so universally attributed to shrewdness and acumen" (p. 5).

Three Leading Auckland Businessmen: Their Characters and Careers

This section provides a brief outline of the characters and financial affairs of three of Auckland's most prominent and influential businessmen during the 1880s: Thomas Russell, Josiah Clifton Firth and John Logan Campbell. These businessmen may be perceived to be self-made men who had acquired early fortunes from profitable speculations in Maori land. The New Zealand Companies Acts 1860 and 1882 permitted them to apply their gains from land dealings to promoting a wide variety of other speculative enterprises while utilising the savings of many lesser citizens to increase the capital at their disposal. These latter enterprises were not so successful in that most of these companies failed after the 1886 stockmarket collapse.

From the following analysis of 'limited circle' directors, it can be seen that Russell, Firth and Campbell were prominent participants in a network of

interlocking directorates based on membership of the BNZ board. The directors of the BNZ, the NZLMA, the NZI, the New Zealand Frozen Meat Company (NZFM), the Thames Valley and Rotorua Railway Company (TVRR), the NZNL, and the New Zealand Land Mortgage Company (NZLM) during the 1880s were as follows (New Zealand Herald, 1880-1890).

	BNZ	NZLMA	NZI	NZFM	TVRR	NZNL	NZLM
Bristow H.J.		*	*				*
Browning S.	*	*	*				*
Campbell J.L.	*	*	*	*	*	*	*
Ferguson J.	*	*					
Firth J.C.	*	*		*	*	*	
Larkworthy F.	*	*					*
Mackelvie J.		*					
Mundella A.J.	*	*					
Murdoch D.L.	*	*		*			*
Owen G.B.	*	*	*				*
Pollen D.				*		*	
Russell T.	*	*	*	*	*	*	*
Whitaker F,	*	*		*			*
Williamson J.	*	*	*	*	*	*	*
Wilson W.C.	*		*				*

The importance of this group of company directors is stressed because they collectively controlled from Auckland the most important financial institutions in New Zealand at that time. The 'limited circle' became in Foucauldian terms part of a dominant social class, their existence concealed by a formally egalitarian juridical framework, which in principle guaranteed an egalitarian system of rights (cited in Smart, 1983, p. 114). Most prominent among the group named would be Russell, the BNZ's founder, Williamson, the BNZ's vice president, Campbell and Firth. All of whom were directors of the NZNL.

Thomas Russell, the son of an Irish carpenter, was the foremost Auckland businessman and company promoter of the period. Brought to New Zealand as a child in 1840, he was educated in Methodist schools and after serving a period as an articled clerk he qualified as a lawyer. By 1860, this popular self-made man was the acknowledged leader of Auckland financial affairs (Stone, 1971, p. 1188). Russell was one of a few businessmen who in 1859 founded the NZI. His greatest creations were the BNZ in 1861, and the NZLMA in 1865. Until 1890, the BNZ, NZI, and NZLMA remained under Russell's influence and control. Russell entered parliament briefly from 1862-64 and favoured the confiscation of Maori land. His parliamentary opponents, knowing of his land speculations, spoke of him as an insatiable 'devourer of Maori lands' (Stone, 1971, p. 1188).

In 1865, Russell resigned from politics and concentrated on land speculation

and company promotion. By 1874, when he went to live in England, he was very wealthy. From England, Russell still directed affairs in colonial companies in which he was a major shareholder. From time to time he visited New Zealand to supervise the improvement of some 80,000 acres of Maori land which he had purchased. The New Zealand Herald of 13 July 1883 reported:

He [Russell] has not been one of those colonists who came here, made great fortunes, and then retired to the centre of the empire to shear their sheep making brief returns only to see the shepherds were doing their duty, but Mr Russell came again and again, and every time there was the clearest evidence that he was not mixing with the great centre of intelligence in London in vain. He played no child's part in the history of the colony. (p. 5)

The BNZ, which Russell controlled with the close cooperation of fellow directors James Williamson, Firth and Campbell, prospered for its first twenty years. In its first four years, the Bank paid a dividend of 24% on capital invested and managed a steady 15% dividend until 1888.² The BNZ was the leading share on the Auckland Stock Exchange and by 1880, had a paid up capital of 1 million pounds and advances of over 6 million pounds. Half the banking business of the colony, including the government's accounts, was concentrated

² The shareholders' audit committee criticised the directors of the BNZ for: "Involving losses which the directors had not faced ... 800,000 [pounds] in all" (Sir John Logan Campbell Papers, L170). Also, the parliamentary investigation of 1896 into the BNZ commented: "The directors were not warranted in recommending a dividend on 26th April 1888, or in paying dividends at any time subsequently, if the real losses of the bank had been deducted from the profits made." The parliamentary committee recommended a further enquiry into the conduct of the directors as it appeared the accounts were being manipulated (AJHR, I-6, p. xiii, 1896).

in the BNZ.

Russell's formula for success was to keep control of the companies in which he invested by a system of inter-locking directorates involving his close associates. Such an elite group possessed a power/knowledge monopoly within the Auckland capital market. Inter-locking directorates also made it possible, by agreements made between directors, for companies to share premises and effect savings on property expenditure. Thus the BNZ's offices also housed the offices of the NZLMA. When, in 1887, because of heavy borrowing, Russell's speculative land companies became insolvent, the ramifications of this collapse spread throughout the Auckland market. For example, Russell, along with his associates Firth and Campbell, had promoted a frozen meat company which, if successful, would have created a demand for more cattle and further profitable sub-divisions of their large estates surrounding Auckland. Because of the ripple effect from the land company failures, however, the company proved to be a disaster.

By 1893, the NZLMA suspended payment of interest to its investors, and the directors were later rebuked by a Chancery Judge (R W Vaughan Williams) for misleading reports and unnecessary involvement in Russell's land speculations (Stone, 1971, p. 1193).

The collapse of the NZLMA led to a crisis in the affairs of the BNZ which had made loans to Russell's companies and to the NZLMA. In 1890, Russell was

forced to withdraw from the Bank's affairs and four years later, the government was forced, for the sake of the colony, to guarantee a new preference share issue of 2 million pounds to prevent the BNZ's collapse (Waterson, 1969, p. 35). Stone (1969, p. 536) observed: "It was the intermingling of these estates with those of the NZLMA and the BNZ which more than any other was to give rise in time to the accusation that Russell and his associates had 'despoiled the Bank'." The intermingling of estates was only possible because of Russell's power/knowledge monopoly which allowed him to establish a 'regime of truth' which legitimised these practices.

Another prominent Auckland businessman, Josiah Clifton Firth, purchased the Matamata estate of nearly 60,000 acres in 1865 for less than 12,000 pounds - an exceptional bargain (Waterson, 1969, p. 33, and Stone, 1969, p. 468). Firth was accused by Maori of being a 'land swallower' who had manipulated 'the white man's law' to extinguish their customary title (New Zealand Herald, 18 October 1884).³

Most of the directors of the NZLMA, including Firth, were also directors of the

³ Firth had begun his land speculations by leasing Matamata for 500 pounds per year, and then gradually purchasing the freehold. Leasing Maori land and subsequently buying the freehold, was a favoured technique of European land speculators for, as occupying tenants, they were the only possible buyers. According to Waterson (1969, p. 33), Firth's 'chicanery' in the Cambridge Native Land Court testified to his overriding determination to destroy Maori land ownership and to reduce the tribes to 'beggars on the fringes of the estate.' Waterson (1969, p.35) also showed that the consideration Firth gave for the transfer of land was invariably in the form of receipts for credit advanced to Maori.

BNZ. When, in 1887, the Matamata estate was surrendered to the NZLMA as mortgagee, the estate was transferred in turn to the BNZ to prevent the collapse of the NZLMA. Waterson (1969, p. 35) commented:

Firth, himself a director of the Loan Company until his failure, must be accounted responsible for continuing to hold and negotiate with a security which had fallen far below the registered value of the mortgage. This fact was concealed from investors.

In 1888, the BNZ foreclosed its mortgage on the huge Matamata estate, but because of the recession, the Waikato land was almost unsaleable (Waterson, 1969, p. 35). The foreclosure by the BNZ was bitterly resented by Firth, who claimed such actions were a stain on the English legal system. His fellow director, Campbell, wrote of Firth at this time (Campbell to William Brown, 16 June 1889, L132):

Firth posing as an injured person is one of those extraordinary obliquities of vision past comprehending, ignoring as he does the huge amount of money lost in trying to keep him going. The only explanation is that he is not altogether right in the head. I am always in fear that he will go off it, he is so peculiar and excitable and eaten up with infallibility of his own judgement. He may yet prove a grave source of danger to the Bank [BNZ] as he is beyond reasoning.

That such a close associate should hold such an opinion may be interpreted to show how easy it was for the unscrupulous and 'excitable' to control much of the colony's business affairs and the lives of many of its workers.

In 1890, the directors of the BNZ created a separate Estates Company to take

over many of the Bank's over-valued assets including the Matamata Estate of the Bank's former director, Firth. According to Waterson (1969, p. 35), the effect of this step was to hide the over-valued securities from the shareholder's audit committee by concealing these suspect assets under 'investments' in the Bank's subsidiary company. A move which made the BNZ's balance sheet look healthier and allowed payment of substantial dividends to continue at a time when each year saw a further deterioration in the true financial position of the Bank - dividends were being paid out of capital.⁴ The healthier balance sheet being the product of the exercise of power which: "itself creates and causes to emerge new objects of knowledge and accumulates new bodies of information" (1980, p. 51). By 1896, over 4 million pounds had been lost by the BNZ (Waterson, 1969, p. 35). The government was required to guarantee the issue of 2 million pounds in share capital in 1894 and to further guarantee an issue of debentures for 2.7 million pounds in 1895 (Waterson, 1969, p. 35).

Firth was a director of the BNZ from 1877-84 and was later censured in the 1896 BNZ investigation when the investigating parliamentary audit committee found he had been unduly favoured by the Bank because of his connections with the Bank's directors (AJHR, 1896, I-6, p. 5). The investigating committee urged that there should be a further enquiry with a view to criminal proceedings

⁴ The technique of creating a subsidiary or associate company to acquire the parent's assets at an over-valued figure and so replace in the parent's balance sheet specific assets with 'investments in a subsidiary' (a much more appealing description) was also a feature of the 1987 New Zealand and Australia stockmarket collapse. Several now defunct companies adopted this practice - some even recorded profits from the transaction (Ross, 1988).

against the Bank's former directors, but nothing further was done (AJHR, 1896, I-6, p. xiii). It was later claimed that criminal proceedings against the Bank's former directors would have only further harmed the BNZ's reputation. Firth was unduly favoured by his fellow directors not because he held power but because he occupied a certain position in society. "Power is no longer substantially identified with an individual who possesses or exercises it ... certain positions preponderate and permit an effect of supremacy to be produced" (Foucault, 1980, p. 156).

Firth, therefore, was merely censured for his dubious dealings with regard to the BNZ, and he remained a leading figure in colonial society. Although declared bankrupt in 1889, Firth remained popular in the press. On his death in 1897, the Hawkes Bay Herald described him as: "Perhaps the most popular man in Auckland" (Waterson, 1971, p. 751).⁵

The most successful and best educated of the Auckland commercial leaders was Dr John Logan Campbell. On arrival in Auckland in 1840, Campbell decided not to practice medicine but to engage in land speculation and importing, the latter prospects being more profitable. He prospered and widened his investments into land, timber, kauri gum and brewing.

He took a great interest in the accounting records maintained by his various

⁵ The city of Hamilton has honoured Firth's contribution to the district by erecting a large stone on the banks of the Waikato river citing him as one of the city's founders.

enterprises and used this information as a source of power and discipline. The discipline of accounting provided what Foucault (1977, p. 210) described as a disciplinary gaze which extended beyond physical barriers. From his Auckland office, Campbell would comment on the accounts as they became available, and so exercise his authority from a distance: "I have been going over the improvements account and a very disagreeable document it is showing 1,050 [pounds] spent during 1884" (letter from Campbell to McVey, 3 December 1883, L129). Replies elicited from company managers in response to Campbell's inquiries could bring a sharp reprimand if they were not explicit enough. He wrote:

Your remark, "I venture to say we have made a loss in the shipments made to him." Why is it you do not know positively what the result has been and executions of his orders stopped if such is the case?

Letter from Campbell to Matthews, 26 November 1883, L129.

Campbell recognised the importance of accounting information and expected his managers to be able to keep accurate records. The documentation of all transactions was another important source of control:

Shora has just handed in this old order for execution - I don't remember the quotation but no doubt you do - I only remember that we said we would get freight as cheaply as possible like 5 at 5/6d?

Letter from Campbell to Matthews dated 16 January 1885, L129.

The correspondence shows that Campbell used the accounting information he

demanded as a means to control both expenditure and employees. No opportunity was missed to cut expenditure even if it meant jeopardising future labour relations. In a letter dated 11 August 1884, Campbell required his manager at the Te Kopuru Sawmill Company, Matthews, to trim wages and to insist that all gum-diggers selling gum at the Company store take three-quarters of their sale price in goods from the company store (Letter from Campbell to Matthews, 11 August 1884, L129).

In another letter to one of his gum store managers Campbell reinforced his central control over expenditure (Letter from Campbell to McVey, 3 December 1884, L129):

I write to say you must stay your hand. It is all very well for your artistic eye to look upon the Mangawhare [store] painted, but charity begins at home and in the face of no profits it follows no adornment. In plain words I must simply say that no expenditure whatever is to be made without my sanction. In one page I can see nearly 100 [pounds] in paint and labour. New kauri boards will take care of themselves.

Accounting information was important to Campbell because it enabled him to remain in Auckland where he participated in the affairs of New Zealand's largest companies. Campbell demanded full accountability from his site managers - the correspondence files demonstrate that he was occupied daily in reading and responding to this flow of business information. A less literate and numerate owner would have had to spend most of his time travelling on horseback as Campbell's timber and gum stores were scattered over a wide and barely accessible area. Moreover, such enterprises required large capital

investments. Their operation involved methods for the administering men and capital. "In fact, the two processes - the accumulation of men and the accumulation of capital - cannot be separated" (Foucault, 1977, p. 221).

By colonial standards the Te Kopuru Sawmill Company was a large employer of labour as the letters indicate and, in 1884, had a wage bill amounting to nearly 6,000 pounds. Two years later with prices falling due to over-supply and diminishing demand, Campbell was able to enforce a 10% wage cut on the mill workers, although the correspondence (to the local manager, William Brown) indicates he never visited the place. (Letter from Campbell to William Brown dated 9 November 1886, L132). Disillusioned by falling prices, Campbell sold the mill for 70,500 pounds in 1888 (Letters from Campbell to William Brown 27 February 1888 and 12 August 1888, L132).⁶

By the 1880s, Campbell had won the title of 'Father of Auckland'⁷ - his presence as a director on the board of a company added respectability and public approval (Stone, 1971b, p. 387). The depression of the 1880s led to

⁶ Campbell was wise to quit the kauri timber business as it had little future due to the way in which the forests had been exploited. By the end of the nineteenth century, the great kauri forests of Northland had all but vanished after only three decades of over-milling and reckless land clearing. The flood of kauri timber during this short time of plenitude had depressed prices, and none of the firms involved had set aside land for re-planting.

⁷ A title indicative of the acclaim that Auckland, then as now, granted its business leaders as attested by the contemporary naming of its Campbell Centre

losses in his timber and land speculations forcing him to borrow large sums. As a fellow-director in the NZLMA, Campbell, according to Stone (1969, p. 486), borrowed in an almost identical fashion to Firth, and as such played a further part in the collapse of the BNZ, of which he was also a director. Stone (1969, p. 495) maintained:

It is certain that Campbell would not have come through the depression of the 1880s and 1890s unscathed, nor that the One Tree Hill estate could have been kept intact for later bequest, had not the Domain Brewery kept succeeding while almost all other major enterprises Campbell had entered upon were failing.

Campbell's other unsuccessful enterprises included large investments in the BNZ, NZLMA, NZI, the notorious TVRR, and the NZNL, the latter being the focus of the second half of this chapter. The TVRR's notoriety arose because it was promoted by speculative land owners such as Campbell, Firth, Russell and others of their circle with the aim of running the track through their own estates. When the venture collapsed, the same group of self-made capitalists lobbied their friends in parliament for government assistance to complete the venture. Stone (1974, p. 42) observed:

Nineteenth century businessmen and those politicians who spoke up for them in the General Assembly were so regular in their ritual obeisance to the principles of self-help, so prompt to scold government when it strayed (so they considered) from its proper sphere that they appear before the untutored modern eye as the very paragons of laissez-faire. The affairs of this railway company suggest that the reality was otherwise. For those businessmen did not think the enterprises they promoted should stand or fall unaided. The state should be the patron for private enterprise not only encouraging its activities but shielding it

from losses.

From the above and from other letters and newspaper articles cited in this chapter, it would appear that the kind of economic system Campbell, Firth, Russell and other speculators of the time wanted was as Binkley (1963, p. 105) described: "The private ownership of profits together with the socialisation of losses."

This brief history of Russell, Firth, and Campbell, three of Auckland's most prominent business leaders of the 1880s has been outlined because their activities form the basis of this study. These men shared in common an initial prosperity resulting from speculation in Maori land. It is one of the misfortunes of New Zealand's economic history that so much land was transferred from Maori ownership at such low prices. The bargain to be had in buying Maori land resulted in too much land becoming available. Marginal lands were brought into production and forests were laid to waste. Eventually in the late 1880s, land and agricultural prices collapsed, but irrevocable damage had been done to the ecology of New Zealand. Moreover, with the loss of their land, the Maori population was quite suddenly impoverished. Sinclair (1959, p. 148) wrote of Maori: "Landholding had meant keeping their self respect ; land selling usually meant demoralisation."

Russell, Firth and Campbell not only lost the fortunes they had gained from speculating in Maori land but further 'despoiled' the local economy by floating companies which proved ultimately to be unsound enterprises. Generally, there

were short-term motivations for gain behind these companies which were promoted as being in the long-term interests of the province (e.g. the NZNL featured in a later section). In order to keep such companies going, it was important to apply their power/knowledge monopoly to control the flow of accounting information to give an illusion of profitability and promote further share issues. Dividends were funded from capital until failure became inevitable (AJHR, I-6, p. xiii, 1896). Hundreds of small investors and company employees suffered real loss.⁸

There are, at least, two reasons why accounting knowledge became more important in New Zealand at this time (1880s). First, the advent of joint stock company legislation (1860 and 1882) made it possible for business leaders to raise large amounts of investment capital by tapping a new market of investors. Unfortunately, the new Companies Acts 1860 and 1882 did not provide sufficient auditing safeguards - an oversight which permitted the directors of some important companies to rationalise and legitimise their own activities (see later sections). Nevertheless, shareholders were entitled to an annual audited balance sheet and for most of them this was the only means by which they could verify the safety and profitability of their investment. Thus, those with the appropriate accounting knowledge and discourse at this time became

⁸ Similar practices were revealed in New Zealand in 1987 when the sharemarket collapse resulted in the eventual failure of one quarter of the companies listed on the 'No. 1 Board'. Ross (1988, p. 2) in a general description of the 1987 sharemarket collapse in Australia and New Zealand blamed: "Those who shuffle assets to create false profits and manipulate the market."

increasingly important, whether as account preparers, auditors or financial advisers. The discourse which accompanied each balance sheet was particularly important as it served a vital truth function, which passed for truth (Foucault, 1980b, p. 4), and, therefore, promoted investor confidence.

Second, the accumulation of capital facilitated by the new Company Acts combined with the effects from the Native Lands Acts 1865 and the Immigration and Public Works Act 1870 brought about the possibility to accumulate additional land and labour. Accounting was a discipline that assisted such accumulations by providing information systems which permitted the separation of ownership from labour.

Because industrial society requires that wealth be directly in the hands, not of its owners, but of those who labour, by putting that wealth to work, enables a profit to be made from it. How was that wealth to be protected? (Foucault, 1980, p. 41)

In other words, the 'new human sciences' such as accounting protected the wealth that owners had put into the hands of their employees. Owners like Campbell were able, by the 1880s, to exercise power and discipline from a distance provided they were sufficiently literate and numerate to maintain and demand a meticulous system of accountability.

The 'Limited Circle' and the Exclusive Use of Accounting Knowledge

According to Stone (1969, p. 14), one marked feature of Auckland business

was the prominence of certain company promoters and directors of the city. This elite group were first identified as such by the shareholders' audit committee of the BNZ which investigated the near collapse of the Bank in 1888. The government, which was subsequently forced to institute its own parliamentary inquiry in 1896, confirmed the existence of this limited group (AJHR, 1896, I-6, p. 5). A study of the power and influence wielded by some of the members of this privileged elite or 'limited circle' is pertinent to this thesis because of the way accounting information was used as a source of power and knowledge to promote individual interests. In other words, accounting is a creation of power relations because:

The exercise of power itself creates and causes to emerge new objects of knowledge and accumulates new bodies of information. The exercise of power perpetually creates knowledge and, conversely, knowledge constantly induces the effects of power (Foucault, 1980, p. 51).⁹

In this study, accounting information provided a few, powerful Auckland businessmen with essential knowledge which they could use creatively to maintain their domination of the Auckland financial market.

In 1888, the shareholders' audit committee of the BNZ calculated that the Bank had lost 800,000 pounds of capital (the loss was subsequently identified as being over 4 million pounds - Waterson, 1969, p. 35) and that the Auckland

⁹ Foucault (1980, p. 52) went on to comment that the university hierarchy is only the most visible, the most sclerotic and least dangerous form of this phenomena.

directors were 'primarily responsible' and should be brought to trial (New Zealand Herald, 6 October 1888). Among the directors identified as belonging to a privileged 'clique' were the BNZ's founder Russell (described as an Auckland capitalist and land speculator), Firth, and Campbell.

The banking crisis of 1888 had its roots in the share market collapse of 1886, which in turn was triggered by a fall in land prices and reduced overseas demand for New Zealand agricultural produce. The BNZ had become deeply involved with companies investing in land, most of which were controlled by the BNZ's directors. To maintain confidence in the Bank and to keep the share price from falling, the Bank's directors continued to pay regular dividends from capital resources and to present the accounts so as to conceal the Bank's losses (AJHR, 1896, I-6, p. 81). From 1886 until 1888, some of the Bank's shareholders began to raise questions at the annual general meetings with regard to the BNZ's solvency, but such probing was always dismissed. Campbell wrote to his fellow director Thomas Russell in London of the 1888 annual general meeting:

The great day of fear and trembling is past by the time you will be in possession of yesterday's examination. To what extent the 7% dividend throws dust into the eyes and if the public will blink it remains to be seen. So yes the public are mostly fools according to the gospel of Carle and Co, there is no doubt in pocketing the dividend nine out of ten will close their blinkers and not trouble their heads any more about it. But the whole proceedings were of a character that were any hostile press here to attack them the Bank would require to have its shutters handy.

I don't feel comfortable over it - here a friendly press smooths everything nicely off, but our whipping awaits us when our London friends set their

type.

Letter from Campbell to Thomas Russell dated 27 April 1888, L131.

The directors had the advantage of knowing the full extent of the BNZ's bad debts and sought to conceal these losses and delay enquiry by paying out the usual dividend. The 'London friends' comment referred to the British press as many of the BNZ's shareholders were British investors. The British press did not, however, take notice of these events and even the eventual formation and reporting of the shareholders' audit committee¹⁰ did not arouse that much British interest. The report of the shareholders' audit committee in 1888, which suggested the BNZ was concealing a loss of 800,000 pounds, may be interpreted in Foucauldian terms as an expression of 'resistance'. "There are no relations of power without resistances; the latter are all the more real and effective because they are formed right at the point where the relations of power are exercised" (Foucault, 1980, p. 142). In other words, the BNZ's shareholders were belatedly trying to wrestle back power from the directors and, it is appropriate to note, that their method of doing so was via the accounting information available. Their former neglect of the importance of this information had led to a concentration of knowledge within the 'limited circle'.

¹⁰ Evidence from contemporary press articles suggests that shareholders' audit committees were established when doubts about a company's solvency existed. The purpose of these committees was to gain access to the company accounts and publish their own 'true and correct' version of the financial position.

Russell reported to Campbell from London after the report of the shareholders' audit committee had been made public:

The Bank action has not caused the profound sensation expected. Press generally favourable or neutral, 'Financial News' scurrilous but if 100 [pounds] had been judiciously applied results there would have been different.

All now depends on the Depositors will they be satisfied with action and continue confidence - we must wait and see.

Letter from Thomas Russell to Campbell dated 6 October 1888, L169.

It is interesting to note that Russell had contemplated buying off the press. On the other hand, Campbell's reaction to the accusations made in the shareholders' audit committee report was to vigorously defend the directorate and to make an implied threat of legal action. He wrote to the audit committee:

You state that inflated schemes or proposals coming from, or influenced by certain persons, appear to have met with ready support (by the directors) by lavish advances to companies and individuals without security or warrantable prospect of advantage or secure safety to the Bank. ...There is also the statement in your report: "Advances have been made to some directors upon insufficient security, and from these advances heavy loss has arisen, estimated by us at 140,000 [pounds]."

Does or does not this paragraph apply to me? ...You must recognise the justice of a demand that I be placed in a position of clearing my name from the imputation named, should necessity arise, by receiving from you a declaration to that effect in reply to this application.

Letter from Campbell to the Shareholders' Committee BNZ dated 5 October 1888, L170.

The Chairman of the shareholders' audit committee, Thomas Gillies, responded cautiously to Campbell's demand that the alleged culpability of the directors be specifically applied:

We have come to our conclusions on what seems to us to be good grounds, but they attribute no responsibility to you personally beyond what must necessarily attach to you as a director when some of these transactions were entered into.

Letter from Thomas Gillies to Campbell dated 8 October 1888, L170.

Prompted by the accusations appearing in the colonial press, Campbell wrote a long letter defending the BNZ's former directors, his argument being that the cause of the Bank's insolvency was because: "The bottom of the colony has dropped out in so far as land being a saleable commodity is concerned" (letter from Campbell to Editor New Zealand Herald dated 11 October 1888, L170). Accordingly Campbell invited shareholders to distinguish between an error of judgement and wrong-doing. Campbell denied the latter and also denied that the real control of the Bank's policy had been, for many years, in the hands of a 'limited circle' (letter from Campbell to Editor New Zealand Herald dated 11 October 1888, L170). Campbell boldly quoted an extract from the Canterbury Press in his letter:

It [the Canterbury Press] further asks, "Who are the clique with whom we are told there are certain transactions which have come under the notice of the Committee calling for gravest censure, if not more specific action? It is necessary that the guilty parties, whoever they are, should be exposed and followed up."

Now the report justifies these remarks, as it has gone forth darkly hinting that there has been little less than swindling going on. ... Involving losses which the directors have not faced, but which upon rigorous examination, we [the audit committee] feel convinced will absorb not only the whole of the reserve fund, but nearly one-third of the paid-up capital of the Bank, 800,000 [pounds] in all. From this wording an inference may be drawn that the directors had concealed, and but for the Committee would have concealed and not face the loss.

Letter from Campbell to the Editor of the New Zealand Herald dated 11 October 1888, L170

Thus Campbell denied three accusations. He denied: directors' wrong-doings, the existence of a privileged clique controlling the BNZ, and the concealment of losses. With hindsight, it became apparent that substantial losses had been concealed (Waterman, 1969, p. 35). Moreover, as the correspondence reveals, there was close association between Russell, Firth and Campbell. Furthermore it will be shown, that companies with which they were connected benefited from BNZ loans which were never repaid. Campbell's rejection of the 800,000 pounds loss¹¹ which he maintained was the creation of the shareholders' audit committee, later proved to be a concealed loss of over 4 million pounds (AJHR, 1896, I-6, p. 237).¹² Further correspondence after the publication of the shareholders' audit committee report between Russell and

¹¹ Multiply by 150 to obtain a current New Zealand dollar equivalent.

¹² The 1896 parliamentary investigating committee maintained that the BNZ's assets had been deliberately over-valued and that: "The directors were directly responsible for a system of maintaining a fictitious book value of property, the real value of which had decreased year by year (AJHR, 1896, I-6, p. xiii).

Campbell suggests their guilt. For example, Russell wrote to Campbell from London:

The London Board [of the BNZ] has brought enormous pressure on Buckley [a new director who sided with the shareholders] to keep quiet and Horton [a colonial newspaper proprietor] has used his influence with the local people at Auckland in the same direction. The discussion of these subjects in the public prints do an immense amount of harm in this country and continuance would have led to further withdrawals from the Bank.

... A good deal will depend on the legislation they are hoping to obtain during the present session of parliament at Wellington. If they do not get the legislation they desire there will be great difficulty I do not see how they will surmount it without another sensation.

I do not like alluding to the subject but I beg you will not use my name in connection with the Bank in any way whatever nor yet allude to what I say to you on the question.

Letter from Thomas Russell to Campbell dated 13 July 1889, L169.

The letter suggests that the former directors who had maintained that they had concealed no relevant financial information were, in fact, still concealing the true state of the Bank's position. Hence there was a need to keep Buckley quiet, while the directors sought assistance from the colonial legislature. Such assistance was not immediately forthcoming, although reliance on government legislation to protect the BNZ is indicative of a type of commerce which sought the socialisation of losses. Eventually the government had to rescue the Bank and parliament instigated an official investigation into the Bank's affairs.¹³ It

¹³ In 1896, the parliamentary audit committee observed: "... the real control of the Bank's policy appears to have been for many years in the hands of a limited circle" (AJHR, 1896, I-6, p.5). The parliamentary

is also revealing that Russell, the Bank's founder, did not want his name used in connection with the Bank. Why would that be the case if he did not have something to hide, or knew nothing of any 'wrong-doings' by directors?

Matters came to a head, however, when the BNZ's subsidiary company, the NZLMA¹⁴ failed in 1893 suspending payment of interest to its investors. The collapse of the NZLMA led to a crisis in the affairs of the BNZ which had made loans to Russell's companies and to the NZLMA. In 1890, Russell was forced to withdraw from the Bank's affairs. Four years later, the government was forced, for the sake of the colony, to intervene to prevent the BNZ's collapse (Waterson, 1969, p.35).

Justice Vaughan Williams, who during 1894 examined the affairs of the NZLMA (Campbell, Russell and Firth were among its directors), concluded that the balance sheets and reports issued by the directors were not calculated to inform shareholders of the true condition of the company. The Company's accounts, the Judge maintained, concealed vital facts and on occasion had been positively misleading. Bad debts had not been written-off and no provision had been made for the decline in the value of property held as security for loans. Judge Vaughan Williams considered that the reticence of

audit committee's report concluded by recommending that criminal charges should be brought against the members of the 'limited circle' (AJHR, 1896, I-6, p. xiii).

¹⁴ The NZLMA was, in effect, a financial intermediary between the BNZ and its more risky borrowers.

these documents reflected adversely on the standard of commercial morality of the directors (Mennell, 1904, pp. 68-69). Foucault (1980, p. 96) explained that we should be concerned with the point where power surmounts the rules of right, invests itself in institutions and becomes embodied in techniques. Foucault (1977b, p. 151) maintained that: "The successes of history belong to those who are capable of seizing these rules, to replace those who had used them, to disguise themselves so as to pervert them and invert their meaning." The directors of the NZLMA had perverted the 'rules' of commercial morality and such legislative requirements as applied, by adopting various accounting techniques to promote their own interests.

J T MacKelvie's appointment as a director of the NZLMA in 1868 provided some evidence of this promotion of self-interest when he was admitted to the circle dominated by Russell. MacKelvie commented: "T.R. [Thomas Russell] is now quite sweet on me." MacKelvie also declared to a friend his motives for joining the board: "I have simply gone in for sharing the plunder in directorial fees." (Dunstall, 1970, p. 199). Moreover, Dunstall (1970, p. 199) noted that in its second year of operation, the NZLMA declared a dividend of 10%, which gave the promoters a chance to sell some of their shares at a premium of five shillings.

Disclosures by the parliamentary audit committee of 1896 revealed that the NZLMA borrowed from the BNZ and provided loans (up to 100,000 pounds) to Campbell, Firth, Russell and Williamson. Stone (1969, p. 156) remarked: "It is

no coincidence that these men served on the NZLMA directorate." Most of them were also directors of the BNZ and all of them were investors in the New Zealand Native Land Company (NZNL). In fact, the group had in common an interest in land speculation and many of them had made their initial fortunes in this way. Other prominent members of the 'limited circle' were D L Murdoch, a lawyer and general manager of the BNZ, and F Whitaker, a lawyer and former partner of Russell. Stone (1969, p. 14) commented about this group: "Such capitalists had developed tastes outside their normal business activities. On occasion they were manipulators of capital not just providers of it."

Auckland's newspapers supported company promotions, particularly those which were floated by members of the 'limited circle'. For example, with reference to the advertised prospectus of the NZLM (New Zealand Land Mortgage Company) the New Zealand Herald of 2 August 1883, commented:

A very influential directorate has been named, and as the company is to be worked through the agencies of the New Zealand Insurance Company the cost of management will be reduced to a minimum.

The 'influential directorate' consisted among others of Russell, Campbell, Whitaker, Williamson and Murdoch. Most of these men were directors of the NZI and the BNZ, and, as such, able to command favourable publicity for such ventures. Moreover, by the 1880s the 'limited circle', who controlled most of the new company promotions, were refining their promotional skills having realised that by selling shares in low denominations they could draw from a

new market composed of hundreds of small investors.

The prospectus of the NZFM (New Zealand Frozen Meat and Storage Company) which was released in 1883 and published in the New Zealand Herald of 19 July that year stated: "The shares of the Company are of an amount as to be within the reach of all classes." The report went on to add that: "It was the desire of the directors that the company should be a great co-operative concern." The financial discourses contained in these prospectuses served to legitimise the promoters, and authorise their activities. Discourses, as Foucault (1980b, p. 4) explained, perform a truth function which only passes for the truth.

Russell, Firth, Campbell, Murdoch, Whitaker and Williamson were all promoters of this company as they hoped that the development of refrigerated trade would facilitate the further sub-division of their estates. Unfortunately for all concerned, refrigeration developed more slowly than expected and at the Company's final annual general meeting in 1889, one speaker was quoted as saying that the shareholders had been bled to death, and the whole affair was a disgrace to the city of Auckland (New Zealand Herald, 27 August 1889).

Another feature of companies promoted by those directors identified as being in the 'limited circle' was to load companies with 'vendors' shares,¹⁵ especially

¹⁵ Vendors' or promoters' shares were shares allotted to company promoters for founding the enterprise. Such shares were often heavily discounted and payment deferred. For example, the NZNL recorded as expenses the issue of

where there existed a sufficiently large number of contributing shares to provide working capital and pay dividends. Such a policy permitted the profitable sale of vendors' shares at an early date. Vendors' shares were written into the books, and often classified separately in published balance sheets. Whether shareholders appreciated the significance of these shares is open to question.

Throughout the early 1880s, abundant credit and general optimism made for spectacular increases in the local stock market, and the 10 pound paid up BNZ shares (the market leader) rose steadily to a high of over 24 pounds in August 1881. The years 1881, 1882 and 1883 were the high points of economic activity and nearly 100 new Auckland companies were promoted in this period as against 49 in the following three years (Statistics of New Zealand, 1882, pp. 210-219)

In obvious approval of these developments, the New Zealand Herald of 30 January 1882 referred to: " The spirit with which enterprises of various kinds are being entered upon." By 1885, however, the stock market boom had collapsed and shares in the NZFM and NZNL. for example, could not be traded at any price because of the further calls imminent.

The recession which affected share prices in 1886, abruptly curtailed the activities of the 'limited circle'. In many ways, the sharemarket decline was

'2,000 promoters allotted - 10,000 [pounds]'
(New Zealand Herald, 7 November 1883).

paralleled by the sharemarket decline in 1987, one hundred years later. In 1987, property and other non-productive investment companies were the worst affected. There were allegations of manipulative accounting procedures and audit failure.¹⁶ Many leading business men were made bankrupt, and the BNZ and NZI were again brought close to ruin when it was revealed that they were carrying debtor accounts supported by vastly over-valued securities. Curiously, given a multiplier of 150, the BNZ debt loss of 4 million pounds in 1898 was similar in real terms as the \$600 million loss in 1990, and on both occasions the government ultimately had to come to the rescue. The Spanish philosopher, Santayana (1913, p. 81) wrote that those who cannot remember their history are condemned to repeat it; the directors of the BNZ and NZI might have done well to heed his advice.

In summary of this section it may be said that the members of the 'limited circle' during the 1880s were able to dominate the Auckland capital market because they exercised power and knowledge. They retained a monopoly over the flow of accounting information and used their knowledge to create further knowledge. The fact that a similar group of individuals (though less co-operative) repeated many of the same strategies to dominate the Auckland share market one hundred years later should according to Foucault's (1980, p.

¹⁶ Ross (1988, p. 251) wrote: "The accounting profession has as much responsibility as anyone. Many accountants seem to have forgotten that the auditors are appointed by shareholders, to protect their interests not those of management. With Ariadne [an Australian holding company] the meek submission by certain firms to the pressure from management able to substitute rival auditors was not an edifying sight."

50) views on progress (or the lack of it) cause no surprise. Foucault (1980, p. 52) explained that those with knowledge are able to give rise to power:

Knowledge and power are integrated with one another, and there is no point of dreaming of a time when knowledge will cease to depend on power; this is just a way of reviving humanism in a utopian guise. It is just not possible for power to be exercised without knowledge, it is impossible for knowledge not to engender power (Foucault, 1980, p. 52).

Accounting Information and Auditing Procedures

The economic downturn beginning in 1885 revealed fundamental weaknesses in accounting procedures. Assets were often over-valued, profits fictitious, and dividends were paid from capital to conceal operating losses. The 1896 report of the parliamentary audit committee stated that (AJHR, 1896, I-6, p. xiii):

The investigations have shown that a large percentage of balance sheets of public companies have failed to show bills under discount as liabilities, and in some cases even as contingent liabilities. They are of the opinion that the present law is insufficient to provide for banks and companies showing the exact position of their affairs in their balance-sheets, and that legislation should be introduced to further protect shareholders and the public.

Such practices had arisen because there were no adequate safeguards provided by company legislation to protect shareholders from the unwarranted optimism of company promoters and directors. The auditing requirements of the Companies Acts 1860 and 1882 stated that books were to be audited

regularly, that auditors were to be elected by shareholders at an annual general meeting and that no director or company officer was eligible for election as auditor (New Zealand Statutes, 1860, p. 88). The 1882 Act further required that auditors report: "Whether the Balance Sheet is full and fair and drawn up to exhibit a true and correct view of the company's affairs" (New Zealand Statutes, 1882, p. 349). It was not until the 1933 Companies Act that auditors were required to be members of the New Zealand Society of Accountants.

However, the Companies Acts 1860 and 1882 contained nothing about auditor qualification or independence, other than that auditors should be elected by shareholders. In practice this omission allowed directors to select company auditors and, as is illustrated below, sometimes the independence of the auditors selected was most doubtful. The effect of the sharp recession of mid 1880s produced examples of directors who, perhaps anxious to maintain share values, placed before shareholders at annual general meetings audited accounts which concealed more than they revealed. The lack of accounting and auditing standards made it possible for directors to hold back knowledge and advance their own power relative to everyone else. Knowledge became, as Foucault (1977b, p. 203) described, "in bondage, dependent, and interested."

For example, when the prominent Union Sash and Door Company's shares fell by half, the shareholders were mystified by the sudden exceptional trading in their Company's shares and formed their own audit committee. The committee

found that the Company was nearly insolvent. Within a few weeks of this discovery the nine pound shares became nearly worthless (New Zealand Herald, 17 February 1886). The Union Sash and Door Company had become a popular share because it had for some years paid a regular dividend of 15% and many artisans were among its shareholders (New Zealand Herald, 29 January 1883).

The shareholders' investigation revealed that the directors had over-valued the Company's assets by 80,000 pounds, that a reserve fund of 42,500 pounds had disappeared from the balance sheet, and that dividends had been paid from capital to maintain share price (New Zealand Herald, 1 February 1886). The New Zealand Herald of 17 February 1886 reported that the shareholders' audit committee had further found that dividends for some years had been paid from bank borrowing or from money paid in as calls on shares. The process was concealed in the balance sheet by the over-valuation of land and stocks.

The Company struggled to continue for two more years before voluntarily liquidating in 1888. By then, the shareholders' capital had virtually disappeared (New Zealand Herald, 27 February 1888), and a large number of workers had lost their jobs.

Another interesting example of the importance and dependence of accounting knowledge and the power that it engendered, occurred following a court case involving the directors of the North New Zealand Woollen Manufacturing

Company. Although this Company had held its annual general meeting only a few weeks earlier, the court case provoked a call for an extraordinary general meeting which was held on 21 September 1888 when shareholders were forced to consider voluntarily winding-up the Company. No mention of the Company's difficulties had been made at the earlier annual general meeting. A shareholder, Mr Morton, asked the chairman of the Company what had caused the present loss when the recently published accounts showed a profit:

Had there been bad debts, he [Morton] asked?

The chairman replied: not one [bad debt], but as they might see by the case which had been before the Court, the judge stated that the books had been cooked. The accounts for the last audit had been cooked so that instead of a profit of 190 [pounds] as shown then, there was actually a large amount of loss.

... Mr Morton said this statement admitted incompetence on the part of the directors and auditors.

The Chairman said no; that accounts had been kept back

Reported in the New Zealand Herald, 22 September 1888.

The inference that may be drawn from the above extracts is that accounting knowledge was being discovered to be subjective, even though independent auditors had testified to the objectivity of the knowledge reported. A range of objectivity-subjectivity in company reporting may be viewed today as acceptable and part of the risk that investors must always bear. In the 1880s, however, company reporting was in its infancy in New Zealand and directors were discovering (unrestricted by any professional accounting regulation) that the

knowledge available to them might be employed, not only to increase their own relative power but also to create new knowledge. Foucault (1977b, p. 203) explained his view of the nature of knowledge by quoting Nietzsche's definition: "Knowledge is an invention behind which lies something completely different from itself: the play of instincts, impulses, desires, fear, and the will to appropriate." The increasing importance of accounting in 19th century New Zealand may be explained by reference to these contemporary extracts and by the will to appropriate.

The failure to provide for stricter auditing requirements was commented on in parliament as early as 1879 when the Hon. Mr John Holmes put a motion calling for the government licensing of auditors. Complaining of the frequency of company failures in the colony, Holmes attributed these failures primarily to inefficient audits remarking (NZPD, Vol. XXXII, p. 217):

The manner in which these auditors were appointed was the worst evil in the whole system. The Act called for the shareholders to appoint the auditors; but generally speaking the names were submitted by the managers or directors of the company, and the auditors were elected as a matter of course... The duties which the auditors performed were of a perfunctory character and did not go into the essence of the audit at all, the auditors merely taking for granted the statements placed before them. ... the evil went on from year to year until a collapse brought to light the utter failure of the audit. There is no subject which was of greater importance than that of having a proper system of audit of the accounts of public companies.

The proposal to license auditors was referred to a parliamentary committee and

the motion subsequently lost.

Nevertheless, letters to the press continued to keep the whole question of the nature of company auditing very much alive. Typical of such complaints was the following (New Zealand Herald, 13 October 1888):

On occasions during the last fifteen years I have in your columns called attention to the perfunctory manner in which the audit of accounts in our public companies has been carried out, and the farce of expecting that ordinary businessmen could either bring the capability to the task, or that it was possible we could expect those interested in the maintenance of a glowing account of a company's affairs to be able to give a candid report, more particularly if they were clients (often under obligations for advances or assistance). I would again point to the system now existing in certain States of America whereby competent professional auditors are appointed by the local legislature and they have the power at any time to at once proceed to the audit of any corporation and are bound to publish all particulars for the information of the bondholders and the public. If we had a similar Act here, what a deal of misery might have been saved!

In 1898, there was in parliament a similar attempt to place auditing within the government's control but such a proposal was opposed as 'socialistic legislation' by the Institute of Accountants of New Zealand founded some four years earlier (Graham, 1960, p. 15). This reaction by the Institute probably reflected the attitude and ideology of its members at that time and was supported by the press. Freedom from government interference and the ideal of self-regulation was what the Institute desired. It was, perhaps, a desire shared by the members of the 'limited circle' (some of whom were newspaper

proprietors), because it gave them more opportunity to restrict or create accounting knowledge and present to shareholders, investors, and creditors the results which best served the directors' interests.

Perhaps, the most significant example of the importance and dependence (in the Foucauldian sense) of accounting knowledge concerned the BNZ's published accounts. Bank losses were concealed, assets over-valued, directors loans hidden, and dividends paid out of capital (AJHR, 1896, I-6, p. xiii). The auditor of the BNZ, J M Butt, was a former bank employee. Butt, before accepting the auditing engagement, obtained from the BNZ a formal written agreement that he would be re-employed should his appointment as auditor not be renewed by the shareholders. The extraordinary circumstances of his appointment were probably not in direct breach of the Companies Act 1860, but they certainly contravened the spirit of the Act that company officials should not act as auditors. By such means, however, the Bank's directors gained the services of an auditor very cheaply, as Butt's auditing fee represented only a 16% increase on his former bank salary (AJHR, 1896, I-6, p. 205).

Moreover, Butt was the Bank's sole auditor and, notionally at least, he was expected to audit the largest bank in New Zealand and presumably count the cash and audit accounts in its nearly one hundred branches as well as its London office. That the BNZ's shareholders should have accepted such an arrangement only confirms the parliamentary view quoted earlier that: "... the names were submitted by the managers or directors of the company and the

auditors were elected as a matter of course" (NZPD, Vol. XXXII, p. 217). It is appropriate to note at this point, that 'sovereign law' as embodied in the Companies Acts 1860 and 1882 set out to protect shareholders by inscribing their equal rights to accounting knowledge. The BNZ's directors, however, by selecting an employee/auditor and by various other accounting strategies were able to effectively undermine the shareholders' equal rights and increase their own power and knowledge at the shareholders' expense. Foucault (cited in Smart, 1983, p. 114) wrote:

Beneath the juridical structure, and supporting it, was a network of micro powers, the disciplines, which are non-egalitarian, asymmetrical, and ultimately counter-law. In other words, the disciplines represent the reality of the functioning of power, providing the foundation on which the formal juridical structure is predicated, and yet effectively operate in opposition to the formal egalitarianism of the latter. Thus the disciplines evade and undermine the formal juridical limitations on the exercise of power,

The shareholders' audit committee's report was made public in early October 1888 and charges of misconduct were made against the Auckland directorate of the Bank. These charges were reported in the colonial and overseas press and damaged the reputation of the Bank and the city's business leaders who had dominated the board of the Bank (Stone, 1969, p. 236). The Bank's near collapse, and its subsequent rescue by the New Zealand government, brought into question the judgement and probity of Auckland's 'limited circle'. Confidence in a wide range of companies with which the 'limited circle' was involved was lost, and with it all taste for investment disappeared (Stone, 1969,

p. 236).

It is, perhaps, ironic that the group of businessmen that controlled the BNZ made use of lax audit appointment procedures to choose a former employee and, no doubt, valued this freedom from government interference in business. Yet when the BNZ became insolvent because of their own mismanagement, or wrong doing, their immediate reaction was to appeal for government intervention. Russell wrote to fellow director Campbell saying: "There is an idea the Government will intervene. If they do it swiftly and firmly something yet may be done. If they do not there are gloomy days ahead." (Letter from Thomas Russell to Campbell dated 22 March 1890, L169)

One conclusion that can be drawn from this outline of 19th century business practice is that there was need for effective legislation to control accounting and auditing procedures. However, the end result of such practices as loading new companies with vendor's shares¹⁷, irregular accounting and perfunctory auditing was a high rate of company failure. In 1904, the Auckland Companies Office was required to investigate the condition of all companies which had ceased to file annual statements. The Office found that of the 122 companies formed in Auckland between 1881 and 1885 only five were operating in 1904 (New Zealand Gazette, No. 85, 27 October 1904).

¹⁷ Ross (1988) details similar practices with regard to the 1987 collapse of the Ariadne business empire.

It has been an objective of this study to show that much which passed for 'neutral' accounting discourse and knowledge was used to legitimise particular power relations. With reference to the inter-relationship between the exercise of power and the formation of knowledge Smart (1983, p. 115) wrote:

The disciplines transformed the institutions in which they functioned into apparatuses within which methods for the formation and accumulation of knowledge began to be employed as instruments of domination and increases in power began to produce an addition to knowledge.

It is argued, that the BNZ, NZNL and other companies controlled by the 'limited circle' were transformed by accounting practices and that the accounting knowledge that was produced was employed as an instrument of domination. Moreover, the increases in power that the 'limited circle' enjoyed, produced in turn further increases in knowledge. It is these aspects of accounting knowledge and the way in which it may be employed that increased the importance and power of accounting in this relatively unregulated environment. Such arguments are further illustrated in the following short but detailed history of the NZNL.

The New Zealand Native Land Company (NZNL): The Ideal Land Company

The Companies Acts 1860 and 1882 permitted commercial expansion but provided few safeguards for shareholders. The lack of safeguards for shareholders was a weakness because of the separation of ownership and management. The NZNL was an interesting and original conception because while the management (directors) were primarily European, a majority of ownership by investment (shareholders) was Maori.

In 1881, there appeared in the New Zealand Herald of 7 July, an abridged prospectus of the NZNL. The promoter of the company was a Gisborne lawyer, W L Rees, who had conceived the idea of forming a land company which would deal with tribes rather than individuals. Rees was an idealist who had given his time to Maori causes such as the Hawkes Bay Maori Land Committee, referred to in the previous chapter. Rees was searching for a way whereby Maori who wanted to sell land could do so without being cheated. The company prospectus stated (New Zealand Herald, 7 July 1881):

The object of the Company is the voluntary association of the owners of native lands with European Capitalists for the purpose of promoting settlement on the lands of the East Coast of the North Island of New Zealand.

The basic procedure was that Maori would invest their land in the NZNL, which would then sell the land as a normal commercial transaction utilising the management expertise of its European directors. Maori would receive NZNL shares for the value of the land they invested; although the prospectus was

couched in oblique language (New Zealand Herald, 7 July 1881):

It is intended to be attained by the Native owners contributing blocks of land at original or unimproved values, receiving paid shares in the Company for the same, the European shareholders contributing capital to be called up in fixed and limited amounts as may be found requisite for conducting operations of the Company.

To allay any doubts that European investors might have about the supply of land the prospectus pointed out that much land was available and fairly cheaply (New Zealand Herald, 7 July 1881):

The government having abandoned the purchase of Native lands, the Native owners in the Poverty Bay and East Coast districts being strongly desirous of opening their lands for settlement in a manner mutually beneficial to themselves and such Europeans as may be desirous of becoming associated with them according to the terms of the prospectus, have after making provision for their own requirements, entered into contracts for passing over large areas of valuable land to the Company, at prices based on those of former government purchases, receiving shares in payment for the same.

From the prospectus it appeared there was an abundance of land and, at prices based on former government valuations, there was good prospect that such land would be bound to yield a profit. Most settlers were aware that the land prices paid by the Crown, before it had surrendered its pre-emption rights, had yielded large margins of profit (Adams, 1977, p. 205). Moreover, throughout the period 1880-83 land prices were rising.

Rees hoped Maori would benefit by having Europeans marketing their land, and so avoid the scandalous and inequitable land dealings that had become a feature of the colony's land transfers (New Zealand Herald, 31 August 1882). Rees was the ideal figure to propose such a scheme as his integrity and reputation were unquestionable. Moreover, the prospectus emphasised cooperation with Maori, not exploitation (New Zealand Herald, 7 July 1881):

To prevent the improper diversion of the Native's interests, original shares given in the purchase of lands will not be transferable without the consent of a Native committee, and the approval of the directors.

On these principles it is believed that the formation of the Company will provide for the natives the readiest and most beneficial method of placing their lands for sale and settlement, while there is great and growing demand in Great Britain among intending emigrants for land in the Colonies.

In other words, the NZNL was to be the ideal land company established to right some of the wrongs of the past and to be a model of racial unity.

The authorised capital of the NZNL comprised 500,000 pounds in 100,000 shares of 5 pounds each. The 'Aboriginal Natives' were to be allotted 70,000 shares called 'Original Shares', while European subscribers were allotted 30,000 shares called 'Capitalist Shares'. The share offer, which closed in Auckland on 30 July 1881, comprised a first issue of 26,000 capitalist shares, payable 5 shillings on application, 5 shillings on allotment, with subsequent calls of 5 shillings to be made at intervals of not less than three months.

The cash raised from the issue of capitalist shares was, according to the prospectus, to be employed (New Zealand Herald, 7 July 1881):

... in defraying the expenses of management, completing titles, effecting surveys and sub-divisions, opening means of access, conducting the sale and leasing of lands, promoting special settlement parties from England and elsewhere, making advances to settlers on security and generally in utilising the lands and property of the Company to the best advantage.

Perhaps, the most important feature of the share issue for Europeans was that the capitalist shares were to be preferential, securing a minimum first charge of 8% per annum with a further division of profits in proportion to capital invested.

The prospectus was advertised on the front page of the New Zealand Herald of 7 July 1881 and in a leading article, the newspaper commented favourably on this innovative use of the joint stock legislation:

The prospectus which appears in our advertising columns today is a document of unusual interest, and the first of its kind. It represents a project which has for its aim the assimilation of European and native interests in native lands, the securing settlement of the land by Europeans, and the acquiring for native owners the full value of the land. The scheme seems a sound one, to offer an excellent prospect of a large extension of settlement, and to afford those temptations in the shape of profit which are necessary to ensure success.

A list of thirty-two provisional directors was included in the NZNL prospectus,

containing the names of reputable South Island politicians and other prominent figures such as H R Russell from Hawkes Bay who had been sympathetic in the past to Maori interests (see chapter 5). Four Maori chiefs were also named in the list. Absent from the provisional list of directors at this time were the names of any prominent Auckland businessmen. From this list the prospectus declared that five directors would be elected from the capitalist shareholders and four directors by Maori shareholders. The directors' qualification was that each director should hold at least fifty shares in the Company. The New Zealand Herald of 7 July 1881 commented approvingly on the names offered as possible directors and considered the possibility of a new breakthrough in what had become known as 'the land question':

The project is a new one, will be sure, if successful, to lead to the formation of other companies of a similar kind, and may go far to solve the native land question.

... Of the bona fides of the affair an estimate must be formed from the prospectus and the names of those who have identified themselves with the project, and both seem to afford a reasonable guarantee. ... The salient points are a partnership between the races, the natives supplying the land, and the Europeans the money to survey, subdivide, and settle it.

The promoters of the NZNL were able (with the aid of helpful articles in the press) to suggest to the public that the Company's business amounted to a 'philanthropic scheme' (NZPD, 44, p. 416). Although suggestions of philanthropy were exaggerated, there was no reason at this stage to doubt that the NZNL's objectives would be of mutual benefit to European and Maori alike. The New Zealand Herald of 21 October 1882 commented:

On any other principle Maori philanthropy would be a delusion and a snare and come to unmitigated grief and the Maori would find philanthropy nowhere, if neither cakes nor ale fell to the philanthropists.

In spite of voicing its general approval of the 'philanthropic scheme' the newspaper (owned by members of 'limited circle') could not resist warning (New Zealand Herald, 21 October 1882):

Unwittingly philanthropy has divulged a scheme to still more speedily help the rapid disintegration of the race. Contact with our civilisation has filled the Maori pocket with money and hence he has suffered. It is now proposed to fill his pocket still fuller, so that now he will suffer still more and the sooner be blotted out amongst the nations of men.

The Auckland Take-Over

Just over one year after the original share issue had closed, the New Zealand Herald of 31 August 1882, reported a meeting of the Auckland Chamber of Commerce which was addressed by W L Rees, the Gisborne founder of the NZNL. From the newspaper's report of the meeting it appeared that the offer of capitalist shares in July 1881, in spite of attendant publicity, was not well subscribed. From an original public offer of 26,000 capitalist shares, Rees disclosed that the NZNL's issued capital amounted to only 12,400 shares, plus an expected agreement for the purchase of a further 15,000 shares in England. Rees addressed the meeting at length, but the real purpose of his speech was to gain Auckland interest in the Company. Rees even suggested that there was: "The necessity that Auckland, in a company of this kind, should have

some part in the control and management" (New Zealand Herald, 31 August 1882). Rees further suggested that:

It is possible that the articles of association might require to be amended to include all that is desirable, but I believe that we can now make the Company an institution that will be worthy of the country.

Rees, it would appear was desperate for more capital, and Auckland was the obvious, if not the only, source for renewed investment. Rees had personally invested 2,560 pounds in NZNL and had cause for concern as this represented most of his capital (by 1885 Rees was bankrupt, New Zealand Herald, 11 November 1885). The Company, Rees explained, had expended 23,000 pounds on some 120,000 to 130,000 acres and expected to pass through the courts another 400,000 acres shortly. Most of this land around Gisborne, Rees claimed, would sell for just over 2 pounds per acre. From this claim it would have been apparent to all at the meeting that a potential for huge profits existed (New Zealand Herald, 31 August 1882).

Moreover, Rees informed the meeting, an advertisement for the sale of 30,000 acres had already been placed in the Gisborne newspapers and this sale would take place on 5th October. Although admitting that the NZNL had a current bank overdraft of 10,000 pounds, Rees painted a bright picture of the Company's future. He claimed (New Zealand Herald, 31 August 1882):

From various parts of the East Coast we are constantly receiving

communications from the principal chiefs, and also from various places in the North Island making inquiries as to the Company's operations with a view no doubt to have their lands taken up in the same way. I have sent letters to Wetere and other chiefs interested in the lands about Mokau explaining everything to them, and showing how they and their people, as well as Europeans, will be largely benefited by those operations.

In short, it appeared, it was only the lack of capital that prevented the Company from proceeding with further and even larger purchases and sales by sub-divisions. The New Zealand Herald of 31 August reported that one questioner asked: "In no long time the shares now held will be regarded as very valuable?" Rees replied (New Zealand Herald, 31 August 1882):

Mr Mathew, in his report to the Bank of New Zealand, reported that there had been a clear profit to the company of 175 per cent. We have one block which alone is valued at 70,000 [pounds]. I believe the profits have exceeded 200 or 250 per cent.

Although no explanation was given as to how Mr Mathew (the BNZ's valuer) had arrived at his valuations, the statement was apparently sufficient inducement to promote further interest in the NZNL. The valuation statement, together with the concessions offered by Rees by way of management and control, obtained the investment needed from the Auckland businessmen. But it was offered at a price, as within a few months after this meeting a new Company directorate was formed comprising among others the BNZ directors: Campbell, Russell, Firth, and Williamson. Maori places on the board had disappeared. A prominent member of the 'limited circle' who did not invest in

NZNL, D L Murdoch, but who knew the character of his fellow BNZ directors, now referred to the land scheme as the 'big philanthropy plunder project' (Letter from Campbell to F Larkworthy dated 7 November 1882, L130).

Land Transfer Problems

At the Chamber of Commerce meeting of 31 August 1882, Rees did announce one important change in the NZNL land acquisition arrangements. Maori were now insistent on being paid two-thirds of the net proceeds, less selling expenses and other improvements, instead of waiting for dividends payable out of profits. It would appear that Maori were already becoming suspicious of the Company's objectives, and were willing to surrender their shares in exchange for an immediate cash payment.

Auckland investors might have been dismayed, when on 29 November 1882, the New Zealand Herald reported from Gisborne, that:

The New Zealand Land Settlement Company's first sale of land took place today, 500 persons were present. The Pouawa block containing 7,000 acres, sold at an average of 42s 6d per acre. The land is situated four miles from Gisborne.

The Whataupoko block, opposite Gisborne, containing 1,000 acres, was submitted in auctions of from 5 to 40 acres. About 300 acres were sold at an average of 15 [pounds] per acre. The balance of the land - there being no bidders - was withdrawn.

Thus the sale of 30,000 acres on 5 October, that Rees claimed would take

place at the Auckland Chamber of Commerce meeting on 31 August, in fact, amounted to the sale of only 7,000 acres, weeks later than announced, and with some land having to be passed in. This first sale of the company's lands had proved to be very disappointing and discouraging after all the claims that had been advanced by way of anticipated profits. Nevertheless, results from the sale were well short of total disaster and what land had been sold fetched satisfactory prices.

The first annual general meeting of the NZNL was held in Gisborne on 28 November 1882, where it was resolved to transfer the Company's headquarters to Auckland. Further sales of shares at par were announced and a net profit of 10,129 pounds declared (New Zealand Herald, 9 December 1882). From this profit the directors proposed a dividend of 8% payable on capitalist shares. No mention was made of a dividend on the 'original' shares held by Maori or as to whether Maori had surrendered any shares in exchange for the two-thirds payment from land proceeds.

An extraordinary general meeting was held on 21 March 1883 for the purpose of re-defining the Company's founding principle:

The principle on which the Company operated was that of being an intermediary or transferor of lands from the natives. They did not purpose to be a land purchasing company any more than in the past. An attempt had been made to class the company as mere land purchase agents. This was not founded on fact. They did not intend to vary the principle upon which they started, yet seeing experiences of the past, they had been taught in what respects the company needed to meet its increased requirements. It was proposed then to seek power by

special bill to acquire title to native lands distinctly as agents for the best disposition of the lands so acquired (New Zealand Herald, 21 March 1883).

The above was referred to by the Chairman as a distinct statement but, in fact, it said very little that would have been meaningful to the majority of shareholders who read this statement in their newspapers.

What the statement meant, but did not exactly say, was that the NZNL had encountered a fundamental problem which could prove fatal to the Company's future existence. According to the Native Lands Fraud Prevention Act 1881, the Frauds Commissioner had to certify that an adequate purchase price had been paid on Maori land acquired. Freehold title to Maori land could not be obtained until certified by the Fraud Commissioner. It had been held by the latter that there had been no consideration given for the lands assigned to the Company - the 'original' shares offered to Maori landowners being deemed insufficient consideration (NZPD, 1883, 44, p. 413).

The Legislative Alternative

The NZNL's directors believed the only way to break the legal impasse would be to bring before parliament a private member's Bill which would allow the Company to deal in Maori land by means of a trust. The Bill was introduced into parliament by one of the Company's directors, C De Lautour, in July 1883. It proved to be a difficult session for the Company. The Native Minister, J

Bryce, read a petition from the aboriginal natives of Poverty Bay. The petition stated (NZPD, 44, p. 413. See Appendix 8 for full petition):

After acquiring such blocks of land in trust for your petitioners and other Native owners, have wrongfully sold, mortgaged, and otherwise parted with such lands to private individuals, and received large sums of money, exceeding 50,000 [pounds], but no portion of the money received by such trustees has been paid to your petitioners and the said trustees refuse to account to your petitioners for the same. The Company induced some of the Native owners to appear before a Trust Commissioner to swear that the whole of the consideration money mentioned in the deeds of conveyance was duly paid to the Native owners, so as to obtain certificates to the deeds under the Native Lands Frauds Prevention Act; whereas in truth and in fact the considerations were never paid but the Company caused cheques - in one instance a cheque for 8,000 [pounds] - to be delivered to such of the Native owners so swearing and immediately after having such cheques returned to them and destroyed.

At least, the above explained how the NZNL was able to offer some of its land for sale with freehold titles at Gisborne on 29 November 1882. Obviously, such deception to obtain good title could not persist indefinitely and so the NZNL's directors had opted for special legislation.

The Bill sought legislation permitting the Company to be: "Legally and openly trustee and agent without having to take legal estate" (NZPD, 44, p. 415). Strong opposition to the Bill came from South Island members and Mr F J Moss, an original provisional director who had been ousted by the 'limited circle' of Auckland businessmen, challenged the constituency of the new directorate (NZPD, 44, p. 417):

In the original company it was provided that there should be a certain proportion of Natives on the directorate - one fourth or one fifth were to be Natives. Now, in the new Company there are seventeen directors, of whom sixteen are Europeans, and one is an East Coast Native chief and goes round to induce the Natives to support it. ... The character of the original company has been entirely changed.

Moss concentrated his opposition to the Bill by impugning the motives of the current directors and playing on a traditional hostility to Auckland interests - a tactic certain to draw support from South Island members (in 1883 the South Island's population exceeded that of the North Island - New Zealand Year Book, 1883). Moss argued (NZPD, 44, p. 417):

Now, if the law of the colony is to be improved, why should it be improved for the benefit of a few persons only? ... Those for whom we are asked to improve the law are not poor persons. Not only will they control this company, but they already control some of the most powerful companies in the colony: they certainly control some of the most powerful companies in Auckland; and if they now get control of some eight or ten million acres of Native land, a territory larger than the whole Province of Canterbury, we may go down on our knees and bow down to them.

The speech presented a powerful and persuasive argument and after this debate the government informed Mr C De Lautour that a second reading could not proceed as they could not allow a private Bill dealing with Maori lands (NZPD, 44, p. 613). In future, the NZNL would be obliged to purchase land like any other land speculator. Moss's speech had proved to be one of the more effective forms of 'resistance' to the 'limited circle's' drive to dominate the Auckland land market. Foucault (1980, p. 142) observed that there are no

relations of power without resistances.

The New Zealand Herald of 18 July 1883 in its leading article, responded by claiming that those outside Auckland had defeated the Bill because their own powerful interests had been threatened. The newspaper argued that, first, there were some landed gentlemen in Hawkes Bay with parliamentary influence who saw their own land speculations threatened. Second, the legal profession saw its 'craft in danger', because the intended legislation would have simplified conveyance procedures: "There would have been no more fees of fifteen guineas a day with bonuses of several hundred pounds." Finally, the Auckland newspaper blamed the Bill's defeat on southern hostility:

Besides all these hostile influences, the Bill had to contend with the envy and jealousy that undoubtedly exist in the South towards Auckland. The South is at the present time dull and stagnant, while the North is brisk and progressive.

... The Bill was thought to be promoted by a powerful organisation who desired to obtain a monopoly of a nefarious business. In truth, the operations of the company would have greatly tended to do away with malpractices in native lands.

Of course, as the newspaper's proprietors were well aware, the Bill was promoted by a powerful organisation (the limited circle) which did desire a monopoly but not for the sake of Auckland as the newspaper comment above appeared to imply. Also, given their past record, it is probably unlikely that Russell, Campbell, and Firth would have done anything to lessen malpractices in native lands.

Accounting Discourse: Legitimising the Power of the Directors

The NZNL's second annual meeting of shareholders was held in Firth's Buildings in Albert Street, Auckland (a sure sign of the new board's influence) on 6 November 1883. In a somewhat ambiguous discourse, the Company's chairman, Dr Pollen, estimated the net profit to be 42,952 pounds, but added, by way of contradiction (New Zealand Herald, 7 November 1883):

During the short period since their appointment delays, apparently unavoidable, in obtaining subdivision of claims in the Native Land Court, have prevented your directors from attempting to effect large sales of land, and as, in consequence, no sufficient profits have been realised, they do not propose that any dividend should at present be declared.

It would appear from Dr Pollen's arcane statement that the announced profit was a fiction. The profit of 42,952 pounds amounted to 75% of the owners equity yet this was deemed not sufficient to warrant paying a dividend. It was possible that the real reason for not paying a dividend was because the Company was insolvent and could not pay a dividend even from capital. On the 31 August 1882, when Rees pleaded with the Auckland Chamber of Commerce for more investment capital, the Company's overdraft with the BNZ was 10,000 pounds, now, fourteen months later the overdraft had risen to 58,051 pounds. No explanation was offered as to how this large sum of money (use a multiplier of 150 to express approximate current dollar values) had been used.

The Company's final accounts were published but presented in a most obscure and confusing form. Nevertheless, by reassembling the figures (see Appendix 9 for NZNL's Balance Sheet) some details become clear. The assets side of the Balance Sheet amounted to 286,713 pounds and consisted almost entirely of land - presumably at the directors' valuation. These assets were matched by an owners equity of 57,560 pounds and external liabilities (mortgages, loans, and creditors) of 229,153 pounds. The Company possessed no working capital, and it must be assumed that the announced profits of 42,952 pounds were arrived at as a result of the directors' revaluation of the Company's assets - a practice common at the time (and not unheard of since). Indeed, the audited accounts make no mention of any revenue though some expenses are detailed. Criticism of the quality of the work performed by the auditors is, to some extent, inappropriate, as it is based on modern conceptions of auditing, but the large gaps in the information presented does suggest the audit was, at best, perfunctory.

Among the expenses published were: directors fees - 780 pounds; audit fees - 10 pounds; and an item listed as 2,000 promoters shares allotted - 10,000 pounds. Presumably the latter was some kind of payment to either the old or the new directors - probably the latter as members of the 'limited circle' were known to load their companies with 'vendors' or promoters shares.

From the figures published at the NZNL's second annual general meeting, it may reasonably be concluded that the Company was totally insolvent. Since

the 'limited circle' directors had taken over the bank overdraft had increased by 48,051 pounds and special promoters shares valued at 10,000 pounds had been issued. No land had been purchased by the Company as properties had been assigned by way of trust in exchange for 'original' shares. Thus, it may also be reasonably concluded that the new directors were in some way draining funds from the Company. The apparent profit being merely the product of discursive practices which as Foucault (1977b, p. 200) explained are always embodied in technical processes. The object of these discursive practices was to satisfy the shareholders and to prevent awkward questions being raised at the annual general meeting. A particular characteristic of all the NZNL's balance sheets was the accompanying discourse provided by the directors. The discourse was aimed at promoting confidence and served an additional truth-function.

All the directors were re-elected at the meeting without opposition, but Firth declined re-election on the grounds of his health and other more pressing interests. Firth concluded his farewell address by congratulating the Company for being under the conduct of so many able men that his presence was not necessary. He predicted that the operations of the company: "Were likely to be beneficial in a very high degree to the native inhabitants of the country" (New Zealand Herald, 7 November 1883).

Firth was prudently withdrawing his interest in the Company, while in the process praising the abilities of his associates. His opinions may possibly have

been genuine, but they did certainly help to sustain share prices while he realised his capital. Moreover, his claim that the Company's operations were likely to benefit Maori should also be viewed suspiciously as his previous dealings with Maori had been tainted by dishonesty and deceit (Waterson, 1969, p. 33). In other words, Firth had never in the past showed any concern or care for Maori interests, indeed, his reputation suggested otherwise (Waterson, 1969, p.33).

The Effect of the Recession 1884-90

In spite of the Company's fundamental insolvency there was some good news in 1884 for the 'capitalist' shareholders. The New Zealand Herald of 17 April, reported on the Company's successful defence of an action brought against it by Wi Te Ruke and others in the Supreme Court. The Maori plaintiffs wanted their land back and undertook to repay the Company's cash advance of 900 pounds. Judge Richmond concluded that because the shares held by Maori represented ownership of the Company's assets, consideration had been given and the transfer could not be cancelled. This case was important because the plaintiffs' motion was refused with costs and, therefore, other Maori involved with the NZNL would be less likely to challenge the Company's right to sell the Maori land invested.

However, just as some of the legal impediments to the Company's dealings were gradually being overcome, economic conditions were rapidly deteriorating.

The years 1881-3 were 'boom' years for the colony and prices rose rapidly, until a slide in prices began in 1884 which was to continue until 1886 when prices hit bottom. The recession lasted until 1890 when a recovery began.

Fundamentally, the colony was relatively prosperous; the mild winters, which permitted livestock to remain outdoors all year, the low cost of land, and the sunny wet climate which ensured an abundant growth of grass, all conspired to give the New Zealand farmer a competitive edge in the enormous (in colonial terms) British wool and meat markets. When inflationary pressures pushed New Zealand prices beyond the British market price, however, an inevitable process of recession followed until prices and costs fell to the market level. The trade cycle was a clumsy process of adjustment (Rosenberg, 1978, p. 26 and p. 44).

It was the only process of correction because the limited money supply was not managed by the colonial government. With relatively little capital in the colony and a currency fixed in relation to the British pound, price increases inevitably led to an increase in imports, a decline in exports, an outflow of capital, and a contraction in bank credit. When prices fell the reverse occurred, exports increased and with a strong capital inflow into the economy, banks expanded credit permitting an economic recovery. Being a colonial economy dependent on overseas trade, the New Zealand trade cycle was subject to particularly exaggerated fluctuations (Easton and Thomson, 1982, p. 31).

What is, perhaps, surprising, in terms of modern economic consciousness, is that businessmen such as Russell and Campbell failed to recognise the cyclical nature of these price fluctuations or take a longer view. During the 'boom' years of the early 1880s, Russell, Campbell, Firth and others had optimistically borrowed to invest, and were quite unprepared for a period of falling prices. On the other hand, during the recession years from 1886 their outlook became almost bitterly pessimistic as they tried to realise their investments. For example, Russell wrote to Campbell:

I fail to see anything like a revival in the value of the great commodity of the country, viz land. In the attitude of the people of their legislators I see a continued darkening of the future of New Zealand.

Letter from Thomas Russell to Campbell dated 16 November 1888, L169.

Russell it appeared blamed the attitudes of the people and the government for the trade cycle, whereas selling by speculators when prices fell heightened the effect of the recession. Russell's failure to see the prospect of a trade revival, seems with hindsight, extremely pessimistic as by 1890 the recession phase of the cycle was over and a trade recovery began.

By 25 September 1884, however, the trade cycle was moving towards recession and the New Zealand Herald, reported gloomily on land sales in Gisborne. Apart from the sale of some town sections for around 30 pounds each, the newspaper reported: "For outside sections [farmland] there was very little demand." The NZNL had most of its land for sale in the Gisborne area

and due to the temporary lack of demand for New Zealand exports, farming in the short term was not profitable. Thus there was no demand for additional pastoral land.

Financial Crisis and the Promise to Protect Maori Interests

Matters came to a head at the fourth annual general meeting of the NZNL on 11 November 1885. The Chairman, Dr Pollen, referred to the expectation made last year by the directors of forthcoming land sales and admitted: "This expectation has not been realised" (New Zealand Herald, 11 November 1885).

Dr Pollen added (New Zealand Herald, 11 November 1885):

Under these circumstances your directors have confined their attention to the administration of the estate now in the Company's charge. No new negotiations have been entered into, nor have any arrangements involving additional liabilities by the acquisition been attempted to be made. It must be regarded as a duty, during this and the ensuing year, to proceed with the realisation of the assets of the company, the complete fulfilment of its engagements with its native clients and the winding up of its business.

Dr Pollen then reminded shareholders of their liability to pay two further calls on their shares and that the remaining 10 shillings will be called up in due course. Pollen recommended to shareholders a gradual winding-up of the company as he believed the price of land in Gisborne, due to a new harbour loan, was about to rise. One shareholder exhibited some impatience with the policy of gradually winding-up, a Mr Barraclough said: "If there was a loss to be

made, let it be made and have done with it" (New Zealand Herald, 11 November 1885). But Dr Pollen disagreed, he warned (New Zealand Herald, 11 November 1885):

I am very much afraid the shareholders would come to be very seriously embarrassed, and the interests of the native clients, which I think of more importance for the honour and credit of the company, would be in great peril of being sacrificed.

It is, perhaps, prudent to regard the Chairman's discourse with regard to the 'honour and credit' of the company with some wry detachment. In a competitive environment, how many shareholders would be concerned with the honour and credit of an insolvent company about to be liquidated?

At the meeting one Maori shareholder was reported as speaking out (New Zealand Herald, 11 November 1885):

It seemed to him that the native owners had borne the brunt of the losses. They had put their lands in and got nothing out. He hoped, however, that neither the landowners nor those who had put money into the company would lose.

The Chairman said that no harm could possibly come to the natives. They might safely rely on the directors giving them all protection in their power.

A closer approximation to the eventual truth would require re-phrasing the Chairman's statement to effect the opposite meaning. Of the relationship between power and truth, Foucault (1980, p. 93) commented: "There can be no

possible exercise of power without a certain economy of discourses of truth which operates through and on the basis of this association." The directors of the NZNL were economical with the truth as presented in their discourses and balance sheets. By such means they legitimised their power.

The accounts presented at the fourth annual general meeting were, if anything, more difficult to read than previous presentations. Directors fees were not shown and the largest expenses related to interest of 3,494 pounds and an account written off for W L Rees (the company's well-meaning founder, who had just been made bankrupt) of 4,126 pounds. Rees' shares to the value of 1,027 pounds were forfeited in part payment. No revenues were cited. Perhaps, the most reliable indicator of the Company's financial position was the bank overdraft which had now risen to 78,908 pounds compared to 58,051 pounds two years before. Owners equity within the last two years had fallen 29%, while total assets, consisting mostly of property at valuation, had fallen by 3% (see Appendix 10 for 1885 Balance Sheet). Thus the Company's debt/equity ratio had worsened.

The Fifth and Sixth Annual General Meetings: Accounting Dis-information and the Delays in Liquidation

At the fifth annual general meeting on 10 November 1886, even less accounting information was presented to shareholders. In fact, it appears that the detail and informative value of accounting information presented declined with the

declining fortunes of the Company. Dr Pollen began his address by observing that the last year : "has not been a favourable one for the Company" (New Zealand Herald, 11 November 1886). For the first time Dr Pollen acknowledged the effect of the depression on the price and demand for land and stated that: "There were no buyers to be had for the company's properties and no demand for land" (New Zealand Herald, 11 November 1886).

Finally, it emerged in Dr Pollen's address that the directors had adjusted the values of the Company's properties and total assets were reduced accordingly (Properties comprised 94% of assets). The presented accounts still made no mention of any loss in trading or showed any revenues - such omissions made interpretation difficult. Total assets in 1886 amounted to 255,489 pounds compared with 278,354 the previous year, a decline of 9% (see Appendix 11 for Balance Sheet). Owners equity comprised 22% of total assets compared with 19% last year.

In summary, it must be observed that such figures were really meaningless as the owners equity, for example, consisted of the profit and loss balance which had been created from property revaluations. However, because all items were expressed to the last shilling and penny, the accounts gave a misleading appearance of precision and accuracy. In other words, the production of the balance sheet had become a discursive practice embodied in techniques which created a regime of truth. "This regime [of truth] is not merely ideological or superstructural; it was a condition of the formation of the development of

capitalism" (Foucault, 1980, p. 133). By creating 'truths' the discursive practices of accounting were instrumental in providing means by which capital could be re-distributed and individually accumulated. The creation of balance sheets with an appropriate accompanying discourse became an increasingly important function in the Auckland capital market at this time.

The directors defended their slow progress in liquidating the Company by stating that there was no demand for land at present, but the future looked bright because of the increase in wool prices. Furthermore, they argued that a hasty liquidation would mean making further calls on shares which would be oppressive to shareholders. But not all shareholders were convinced by the arguments advanced. A shareholder, Mr Graham, commented (New Zealand Herald, 11 November 1886):

The previous expectations of the directors had signally failed of accomplishment, and he was afraid they would never pay the bank overdraft or what was due to the native owners. He considered they had better wind up the company before they incurred further obligations.

Another shareholder, Reverend J Campbell, supported this view. He read a letter from some Napier shareholders requesting the directors to wind-up the Company as soon as possible, especially as losses had been made and the Company was under heavy obligations. The directors rejected such calls and reiterated their policy of gradual liquidation.

Their motive for rejecting such calls for an immediate liquidation was probably

because they knew that the Company's financial position was much worse than the accounts indicated. In other words, for some time the accounting information released had been manipulated to maintain share values. Moreover, because accounting information had (and has) a reputation for neutrality and objectivity most of the shareholders would have been convinced by the figures presented to them. Hines (1989, p. 74) wrote: "Because of accounting's aura of objectivity, it is difficult to argue against decisions which are being presented as being based on accounting information." Chua (1986, p. 617) also noted that:

Accounting information is particularly useful for legitimization activities because they appear to possess a neutral technical rationality. Numbers are often perceived as being more precise and 'scientific' than qualitative evidence.

Hines (1989, p. 74) further added that:

The flexibility of accounting, and hence its essential ambiguity, combined with its social legitimacy, makes it ideally suited for multiple interpretation, explanation and rationalisation.

Hines (1989, p. 68) quoting Foucault noted that what we consider to be the 'truth' or 'knowledge' is the result of the operation of power. Knowledge is not opposed to power but rather its correlative. Only the directors who managed the Company possessed power and knowledge and, as a consequence, were in a privileged position when it came to buying or selling shares.

Lacking knowledge of their company's fundamental insolvency, in November, 1886, the shareholders of the NZNL were content to re-elect the same directors and heed their advice. The published Balance Sheet failed to reflect the hopeless position of the Company because the assets had been grossly over-valued, and reserves accumulated from past profits were an illusion. By delaying the inevitable at this juncture, the Company was incurring more debt from the interest costs it was bearing. Of course, it could be argued that the directors were justified in delaying liquidation until the trade cycle moved into an expansionary phase. But such an argument does not explain enormous increase in the bank overdraft and why no real adjustment of assets took place. Moreover, anticipating a new phase of the trade cycle is something better done with hindsight.

The sixth annual general meeting of the NZNL began with a now familiar comment in the directors' report: "The year has been unfavourable ... any immediate realisation of the Company's unimproved properties is impracticable" (New Zealand Herald, 25 November 1887). No accounts were published with the directors' report, but because the latter acknowledged the heavy burden of interest and land taxes, it may be assumed that the Company's position had further deteriorated.

Once again the directors were able to justify their policy of gradual liquidation by ending their report on an optimistic note. In 1885 they had referred with optimism to the effects of the Gisborne harbour loan, in 1886 they had pointed

out a rise in wool prices, and now they were able to refer to the development of oil springs at Poverty Bay. The directors noted (New Zealand Herald, 25 November 1887):

The late test near the Company's Mangatu properties has satisfied men of experience, whose integrity is unimpeachable, that a large deposit of petroleum, at a depth of 1,200 feet has been struck ... the Company's estate will receive a very large additional value.

The inflated rhetoric used in the above discourse serves as a further example of how truth may be manipulated to legitimise the actions of the directors. There was no petroleum and the men of unimpeachable integrity subsequently vanished. The statement by the directors illustrates Foucault's (1980, p. 133) observation that: "Truth is linked in a circular relation with systems of power which produce and sustain it." Thus such 'truths' sustain the power of the directors whose power, in turn, sustains the 'truths'.

The Extraordinary Liquidation Agreement

A climax in the affairs of the NZNL came at a special meeting of shareholders on 4 July 1888. The Chairman announced that it was the duty of the directors to wind-up the Company as quickly as possible. Dr Pollen added (New Zealand Herald, 5 July 1888):

All the differences with the native clients in respect to their accounts as between the natives themselves and the company have been settled, and in all cases the natives had given a written guarantee that as between themselves and the company the outstanding accounts had

been settled and accepted.

What this meant was that Maori had been persuaded to take back their lands upon condition that they take over the debts of the Company calculated at 130,000 pounds. It was an extraordinary agreement and it was no wonder that the directors felt that (New Zealand Herald, 5 July 1888): "They had carried out their duties with success." Maori had invested their land in the Company, received only shares as consideration and now were to have their land returned mortgaged with debt. The BNZ, with whom the key directors had close association, was the sole creditor and had agreed to lend Maori a further 5,000 pounds to enable them pay expenses to dispose of the land. Dr Pollen continued (New Zealand Herald, 5 July 1888):

The native shareholders have made an agreement by which they undertook to accept the sole burden of the consolidated debts of the company - roughly speaking 130,000 [pounds]. The agreement occupied some little time in the making; and as they were aware, debts of such a kind were always increasing, owing to the money required for stamp duty, interest & etc, so that though the aggregate indebtedness was 126,000 [pounds] when the agreement was mooted, it had risen to 131,000 [pounds] when the arrangements were completed, and as a matter of compromise, the sum of 130,000 [pounds] was taken, which would not entail a serious deficiency on the company.

Maori, therefore, had accepted a debt of 136,000 pounds which was daily increasing due to interest being incurred.

The rest of the meeting was occupied with discussion as to whether the BNZ

would be able to call up the unpaid calls of the European shareholders should Maori be unable to realise sufficient funds from the sale of land to cover the mortgaged debt. The directors were also pleased to announce that they had salvaged some 20,000 pounds of other assets, mainly bills receivable and unpaid debts for land sold. This sum, together with calls unpaid, would be divisible between European shareholders. It was then resolved: "That the Company be wound up voluntarily under the provisions of the Companies Act, 1882" (New Zealand Herald, 5 July 1888). In this way the European shareholders escaped liability for the debts amounting to 131,000 pounds that had been incurred on their behalf.

One of the mysteries surrounding this Company was later raised in the New Zealand Herald, 18 April 1890, who had spent all this money on what, and why? Clearly someone had benefited from this expenditure, as the Company had not bought anything. Other questions surrounding this extraordinary agreement between the NZNL, the BNZ and Maori shareholders have never been asked, perhaps because the NZNL's directors sought secrecy about the agreement. For example, the Reverend J Campbell, on behalf of shareholders unable to be present, suggested that (New Zealand Herald, 5 July 1888): "The directors should give some information of the negotiations with the directors of the Bank."

Mr J Murray, a director, in reply to the Reverend Campbell, did not deal with the request directly but closed the discussion by warning ominously (New

Zealand Herald, 5 July 1888):

That if the shareholders allowed this arrangement to fall through - an arrangement which he might observe, with all deference to the directors, had been brought about by the Bank, and through advances of Bank money - the shareholders might find that they had lost a chance of recovering 1 [pound] or 2 [pound] per share if they did not cooperate with the Bank in these arrangements.

The directors made it appear that it was the BNZ that had arranged the debt transfer and wanted no discussion of the negotiations. But why would the BNZ have wished to take over all the debts of the Company and become the sole creditor? Such an arrangement broke the most elementary rules of banking practice, which is bankers spread risk not concentrate it. Why would the BNZ prefer Maori shareholders to European shareholders as debtors? Maori only had their land, which was now mortgaged to the Bank, and they had few other personal resources which the Bank could look to for repayment.

On the other hand, the European shareholders were infinitely preferable as debtors, most of them (e.g. directors like Dr Pollen and Dr Campbell) had other investments, houses and other personal assets as well as sources of income. That the BNZ 'had brought about' this arrangement, acting in the normal course of business, defies rational explanation. It is suggested that the answers to all these questions lie with the personal interests of directors of the NZNL and the BNZ, some of whom served on both boards.

One final mystery surrounding this extraordinary agreement to save the European shareholders from substantial loss is why did Maori agree to the arrangement? One possible explanation may concern the nature and reputation of audited accounting information. Every Company report was endorsed by an auditor's statement which, according to Companies Act 1882, stated whether the Balance Sheet was in the opinion of the auditor full and fair, drawn up to exhibit a true and correct view of the Company's affairs, and that all necessary explanations from directors had been obtained.

In the 19th century, before the era of institutional investors, most shareholders, European or Maori, would have had minimal acquaintance with accountancy, but were probably impressed by the precise calculations and the quantitative analysis obtained. The immense respect accorded accounting knowledge by those unfamiliar with accountancy was exemplified by Knights and Collinson (1987) in a study of the disciplinary effects of accounting information on the shopfloor. They argued:

First, a measure of credibility is awarded to financial accounts by virtue of their apparent concreteness.

... A second source of vulnerability resides in the inability of the shopfloor to grapple with the symbolic character of accounting systems. Of course, the absence of any technical expertise must be considered the major obstacle to penetrating beyond the taken-for-granted reality of accounting figures (p. 472).

Knights and Collinson (1987, p. 472) also referred to the directness of financial

accounts and the way in which they appear factual and objective. And, of course, it has always been in the interests of accountants and auditors to reinforce the appearances of objectivity, factuality and truth. Of the latter, Foucault (1980, p. 131) observed: "Truth is centred on the form of scientific discourse and the institutions which produce it; it is subject to constant economic and political incitement." Professional accountants also engage in a scientific discourse when they produce their detailed financial statements, it is a discourse which tends to conceal the political features of financial information.

Maori shareholders may well have been deceived by the precise values attributed to properties in the NZNL's Balance Sheet. For example, the published amount for the Company's properties was recorded at 238,420 pounds 7 shillings and 1 penny in November 1886. Given the reluctance by the Company's directors to drastically revalue their unsaleable properties, there existed an apparently large margin between the Company's debt of 130,000 pounds and the property valued at over 200,000 pounds. Maori may well have anticipated gaining substantially from the arrangement. This is the only rational explanation that can be offered, though such an explanation still does not make clear why Maori should feel obliged to take their own land back encumbered with debt. Perhaps, in the end it seemed the only course open to them - the land had been mortgaged and that could not be undone. It was by any criteria an extraordinary liquidation agreement. The history of the NZNL illustrates that because of their lack of knowledge the Maori shareholders were powerless and

placed at the mercy of those who could exercise power/knowledge.

The NZNL: Epilogue

Some twenty months later the New Zealand Herald of 18 April 1890, reported that two members of parliament (Richardson and Mitchelson) had been to Gisborne to enquire into Maori complaints and were reporting back to the cabinet, the suggestion being that the government should acquire the lands formerly belonging to NZNL. The New Zealand Herald of 18 April 1890 reported:

These gentlemen have not yet reported to their colleagues, but when they do it will be to reveal an indescribable state of confusion. The company is in liquidation, the natives who gave up their land have never touched any money, and some of them have not even got the scrip which they were supposed to get, while over most of the land the Bank of New Zealand holds a lien.

What has become of the money raised by the sale of shares or on blocks of land - for some land was sold for cash - nobody seems just at present to know. It is quite possible a Parliamentary commission will be asked to inquire. A great deal has gone in salaries and other expenses but whoever got the money the natives assert they have never had any. Their patrimony has gone and they have no means of living; meanwhile interest charges go on piling up the amount due to the Bank, and the only way out of the difficulty seems to be for the Government to step in.

Later in the New Zealand Herald of 5 December 1890 it was revealed that the government: "Fearful of losing a few votes threw the natives over despite their promises." In a leader article on 5 January 1891 the New Zealand Herald commented:

The shareholders of the company have lost 80,000 [pounds] and will in all probability lose 100,000 [pounds]. The natives who were persuaded to go into the scheme have lost all their land which is now part of the globo [sic] assets of the Bank of New Zealand. It is a very bad business.

The newspaper was quite wrong in determining that the shareholders (European) had lost 80,000 pounds as the accounts reveal that the issued capital never amounted to more than 42,000 pounds and some of these shares were allotted to the promoters without consideration. Moreover, the European shareholders had received a dividend of 8%, and had been granted by the liquidation agreement 20,000 pounds of assets in the form of accounts and bills receivable. European shareholders may have sustained some loss but it was by no means total. Unfortunately, the quality of the accounting information published by the Company deteriorated with the Company's fortunes, and as noted by contemporary reports (quoted above) much essential detail about the Company's finances remained unaccounted for. Maori shareholders, however, bore the brunt of the losses and as the New Zealand Herald of 18 April 1890 reported: "Their patrimony has gone and they have no means of living."

To some extent all parties participating in the NZNL fiasco were victims of the trade cycle. The Company began operations in the peak years of the cycle 1882-3 and, because of legal delays, took too long to prepare properties for sale. From 1883 to 1886 prices fell sharply and the demand for land in large blocks ceased. The NZNL was liquidated in 1888, just as the recession was ending. By 1891 a trade recovery was underway and there was a renewed

demand for land. The New Zealand Herald of 27 October 1891 reported:

An auction sale was held today of land now belonging to the New Zealand Estates Company [wholly owned subsidiary of the BNZ] formerly owned by the Native Land Settlement Company. There was a very large attendance, including several visitors to the district, and the sale was a successful one. A large quantity of many thousands of acres was submitted, changing hands at satisfactory figures.

... 33,000 acres were sold before lunch. The total sum of 58,448 [pounds] was realised, which is regarded as very satisfactory.

The NZNL had possessed just over 250,000 acres of land and at the prices recorded above would have traded out of difficulty if it could have survived the depression. Although this observation is made with the benefit of hindsight, the underlying significance is that if the NZNL had from its inception been managed by more idealistic directors with long term vision, then its affairs could have been conducted more successfully. By acquiring smaller parcels of land with good title, maintaining a steady cash flow and resisting large scale borrowing, the Company could possibly have become the model of racial unity its founder envisaged. In other words, there was nothing theoretically wrong with the original partnership concept.

The directors of the NZNL were men who, when prices were rising, had made quick fortunes from speculating in Maori land. Their strategy on taking over control of the NZNL had been similarly based: to acquire as much land as possible, no matter how uncertain the title, borrow heavily to finance operations and sell quickly. The problem was that very little land was sold yet the cash

raised to finance the selling operations had disappeared. It would appear that the published accounts, far from revealing where this money had gone, served only to conceal its absence by making the company appear profitable. The directors were, in other words, for the most part a group of unscrupulous land speculators who had discovered that accounting knowledge might be subjectively employed to reinforce their own power to appropriate the company's assets. Moreover, this misappropriation of company funds was facilitated by the attestation of the 'independent' auditors and by the lack of accounting regulations at that time.

The delay in liquidation was most likely due to the fact that the liquidation process would seriously damage the reputations of the directors who were prominent Auckland businessmen by calling into question the solvency of their other businesses and possibly inviting criminal or civil actions. The agreement between the BNZ (some of the most influential NZNL directors were also directors of the BNZ, see p. 218) and the Maori shareholders removed all these potential threats, and the NZNL directors acted promptly to gain the necessary shareholder approval. Indeed, the shareholders attending the special meeting on 4 July 1888, were scarcely allowed to discuss or inquire into the agreement such was the urgency with which it was regarded. Perhaps, given more time the scattered Maori shareholders might have appreciated the true significance of the agreement their company was endorsing.

Conclusion

This study has been about some aspects of the Auckland capital market in the 1880s. It was a market dominated by a 'limited circle' of men who had formed a power elite. Power was maintained by a network of interlocking directorates and at the centre of the system was the BNZ bank. The Bank supplied capital to those companies which were dominated by the 'limited circle'.

Such power networks as Foucault (1980, p. 96) pointed out often extend beyond their legitimate boundaries and surmount the 'rules of right'. Accounting, as Miller and O'Leary (1987, p. 239) maintained, is not an objective and neutral process. It is an important part of the network of power relations. In this respect Chua (1986, p. 624) was correct to observe that accounting information may only be used symbolically to rationalise or legitimise power relations. It has been shown in the case of the NZNL that much of what passed for accounting information merely served to legitimise the activities of a power elite who controlled the Company. Miller, Hopper and Laughlin (1991, p. 398) claimed: "If accounting is a tool open to manipulation by certain groups, then it has considerable potential for contributing to redistributions of income, wealth and power." Throughout this chapter, it has been shown that accounting knowledge had the potential to be interpreted to the advantage of certain special interests and that as a result income, wealth and power could be redistributed.

The overblown rhetoric and extravagant discourse used in some of the

company statements quoted, suggests that this type of language reflected an attempt to construct an illusion of truth, propriety and satisfactory performance. Pretentious promises to protect Maori shareholders or claims of oil strikes on company lands were, it is argued, designed to smooth shareholder anxieties and sustain share values. Accounting information was shown to mirror this rhetoric in numerate terms. Indeed, to the ordinary shareholder with no commercial expertise (most European shareholders were widows, clergymen, retired army officers and gentlemen), accounting values would have had a particular concrete and objective appearance. Accounting knowledge, therefore, may be used in the most subtle deceptions. It is a feature of accounting which imposes on accountants and auditors a special ethical responsibility.

Investors without accounting knowledge in the 1880s were especially vulnerable because of the absence of professional or governmental regulation. Foucault (1980, p. 52) noted that: "It was not possible for power to be exercised without knowledge, it is impossible for knowledge not to engender power." Unscrupulous company directors and others with knowledge could employ their knowledge to their own advantage. Indeed, given the expanding and competitive business environment which developed in the latter half of the 19th century, all company directors needed whatever knowledge there was available. For this reason, it is argued, accounting as a discipline which produced knowledge and truth increased in power in New Zealand during this period.

CHAPTER 7

PASTORAL CAPITAL ACCUMULATION 1926-1935:

A STUDY OF ACCOUNTING IN ACTION

Introduction

Hopwood (1985 and 1987) argued that accounting should be known for what it does in specific contexts rather than what it might be able to do in a generalised abstract area. More attention, he argued (1985, p. 18), should be focused on specific manifestations of accounting in specific settings. Accounting, in other words, should be accounted for. This chapter focuses on the actions of an accountant for a specific New Zealand enterprise during the early part of this century, and is intended to reinforce the view expressed in chapter five that accounting practice is as much about discretion and adjudication as it is about calculation. The study also seeks to illustrate how accounting has become so powerful in the last 150 years (Hoskin and Macve, 1991) and to show that the discipline of accounting is one of a 'swarm of disciplines' which perform a 'normalising function' in society.

Because accountants possess accounting knowledge they are often able to make discretionary decisions from a position of power and privilege. According to Nietzsche (cited in Foucault, 1977b, p. 203), "Knowledge is always in bondage, dependent, and interested¹." Moreover, because accounting rules

¹ The word quoted in the original French text was 'Interesse' which implies selfishness or bias.

and procedures were developed to account mainly for social realities (e.g. values, debts, incomes) rather than physical realities they are not entirely value free and their application may be selective.

Accounting may be used as a means to control subordinates by making them accountable and this disciplinary process, referred to as the 'accumulation of men', is a feature of the study. Indeed, as Foucault (1977, p. 220) maintained, the two processes the accumulation of men and the accumulation of capital cannot be separated. "The techniques that made the cumulative multiplicity of men useful accelerated the accumulation of capital" (p. 221).

It is realised, however, that attributing effects to the practice of accounting is inevitably problematic as it is impossible to separate accounting from other social disciplines which contribute to the organisation and control of productive processes. Moreover, accounting in action is shaped by a variety of other influences: economic, social, cultural, legal, governmental, etc., and, accounting in turn makes its contribution to these other influences. Disentangling effects that are primarily related to accounting is impossible, and it should be recognised that accounting is part of a set of interactive disciplines that establish 'normality' and 'regimes of truth'.

Throughout the narrative of this chapter, Foucauldian theory is used to interpret the data, and accounting is seen as both an instrument of discipline and capital accumulation. The case study is organised, first, to establish the historical

context in which these events took place, second, to outline the organisational structure of the pastoral enterprise and, third, to detail the research method. Subsequent sections represent different aspects of accounting practice involved in the case development.

Historical Background

In the late 1920s, farming constituted the main industry of New Zealand and was the basis of the country's development and prosperity. New Zealand thrived as 'Britain's other farm', and the system of imperial preferences meant that all New Zealand's farm exports were assured of an overseas market. The imperial economic system had enabled New Zealand to become one of the world's richest states, in terms of capital per head of population, though much of the country's wealth was concentrated in the hands of the larger European farm owners. By the 1930s, however, farm prices fell and New Zealand shared in the world wide depression. Nevertheless, the economic decline in New Zealand was short-lived, and by 1935, farm prices began to recover. Throughout the following years, from 1936 to 1960, New Zealand farmers prospered as never before.

The comparative prosperity of New Zealand in the first half of this century was not evenly shared and there were wide differences between income groups with Maori being the most disadvantaged. Since the 1860s, various Native Land Acts had made it possible for European purchasers to acquire Maori land

directly from individual Maori. Land was alienated through the Native Land Boards set up by the colonial government in 1909, and administered by European lawyers and clerks.

By the 1920s, Maori had been dispossessed of most of their land (7% of New Zealand remained Maori owned in 1920 according to the 1920 New Zealand Year Book), though a few tracts of remote land, as yet unserved by roads, remained in their hands. Such remaining lands were mostly forested but open areas were farmed mainly to support Maori needs as the physical isolation of the land often precluded the development of a marketable surplus. Maori were generally content to be without roads to avoid rates. Finding the cash to pay rates in their rural subsistence societies meant either selling land or burdening the land with registered debt. Roads also implied increased local government interference and encroachment on the land. Without land Maori were worse off as they could only exist by casual labouring on European farms or by drifting to the towns in search of work. Maori economic and social decline began with the loss of their land. Sinclair (1959, p. 148) commented with regard to Maori: "Landholding had meant keeping their self respect; land selling usually meant demoralisation."

The Organisational Structure of the Pastoral Enterprise

In 1926, a wealthy Englishman, Charles Alma-Baker, bought two potential farm properties in the North Island, both proposed farms being in the same area

although not adjacent. The larger property, referred to as Limestone Downs, initially comprised 7,000 acres but within the next ten years adjoining lands were added to create an estate of 8,500 acres. The smaller property, referred to as Te Karaka, initially comprised 1,200 acres but further adjoining lands were soon added to bring about a total estate of 2,400 acres.

The two farms were never operated directly by the owner who travelled extensively and owned other estates within the British Empire, including a rubber plantation in Malaysia. Whenever the absentee owner was in New Zealand, he stayed at the Grand Hotel, Auckland and seldom visited his two farm properties. In spite of his continued absence, however, he retained strict control of all farm operations. Limestone Downs was run by an appointed farm manager who was left in no doubt of his accountability for every item of expenditure and for the assets in his control. On Te Karaka, a nephew was appointed as manager but the same tight control was exercised. It is evident from correspondence that the nephew was in a subordinate position and could expect no favours from his rich uncle.

Both farm managers were directly responsible to an Auckland accountant who acted as financial overseer and reported back to the absent owner. From the two farm managers, the Auckland accountant required quarterly stock tallies, detailed budgets, cash book records showing actual expenditure, wages books and schedules of fixed assets². Typed copies of these handwritten reports

² See Appendix 13 for examples.

were passed on to the owner. From such a flow of information a system of disciplinary control was established. It is argued that the surveillance and control activities instituted by the accountant were aimed at improving efficiency, productivity and maximising profit. According to Foucault (1977, pp. 210-211) such goals suggest the accountant was performing a modern disciplinary function rather than a stewardship function. The difference being that the traditional stewardship function was essentially negative and aimed at correcting individuals rather than making them more useful. In this study the accountant was concerned with re-training the farm managers to adapt to a system of budgets, estimates and stock tallies.

The accountant continuously and diligently demanded reports and explanations, while the farm managers, accountable for every penny and every stock item, completed by hand a plethora of reports and submitted every invoice for scrutiny. At the same time, the managers occasionally had to answer searching questions from their principal who received typed editions of the farm returns from the accountant accompanied by his summaries and advice.

Research Method

The primary source of data used in this case study are in boxes of collected farm accounts and documents dating from 1926 to 1935, all of which are lodged in the reference archives of Massey University's Library. Some attempt had been made by the librarians to categorise these records into document types arranged in chronological order. However, the categorisation was not

rigorous, and the system used difficult to follow.³

Documents researched were categorised for this study into those dealing with property acquisition, road access, control and accountability, wages, farm expenses and revenue. One feature of the correspondence was a near absence of letters from the absentee landowner, C Alma-Baker. It may be presumed that many of his instructions to his Auckland accountant were by telephone or cable. Moreover, as the files originated from the Alma-Baker family it may be further assumed that C Alma-Baker did not make copies of his hand-written letters and therefore kept only letters and documents received from his New Zealand accountant.

Documents and letters reproduced in this study appear as they were written and no attempt has been made to alter expressions used, or to correct grammar and spelling.

Property Acquisition

Both Limestone Downs and Te Karaka farms were purchased through the District Maori Land Board acting on behalf of Maori owners. Much of the land made available for sale was either swamp which needed to be drained, or

³ Unfortunately, unsupervised access has been allowed to these records and it seems other researchers may have removed some documents. However, although the archival records were incomplete, enough documentation remained to enable a history of the farming enterprise to be reconstructed. Research was conducted in the reference library as researchers were no longer allowed to remove boxes.

dense native forest which had to be cleared. In 1926, at a price of 2 pounds per acre, there was evidently some competition for Maori land. The acquisition of properties was handled by the absentee owner's accountant through a firm of Auckland solicitors. From the ensuing correspondence it would appear that the Auckland solicitors were familiar with the solicitor (Mr Lusk) acting for the Maori owners, and were advised of other competitive bids and purchase options. The following extract from the Auckland solicitors to the owner's accountant describes the privileged nature of these transactions.

17th February 1927

Dear Sir,

I am afraid I did not make myself quite clear to you over the phone this afternoon.

The block contains an area of 933 acres. Under the agreement for sale, if Bayly obtains title prior to the 31st March next, we are obliged to pay him for the freehold the sum of 4 [pounds] per acre. At the present moment Mr Lusk says that he holds a transfer executed by one of the natives, representing about one third of the block. This transfer is up for confirmation within the next two or three weeks. The price to be paid on confirmation of the transfer is 2 [pounds] per acre.

If, however, he does not obtain confirmation and abandons the transaction, then there is nothing to stop us, after 31st March, from negotiating afresh with the natives. If I am unable to arrange anything satisfactory with Mr Lusk, the matter can be further discussed at a later date.

Letter from E.C. Blomfield, Solicitor to A.E. Warnock, Public Accountant.
C.A-B/Box 7.

It would appear from the above that Mr Lusk, acting for Maori vendors, had disclosed his client's (the Maori landowners) sale price to interested third parties, a disclosure which could cause his clients serious loss. Presumably,

as the transaction was executed, Mr Lusk did not inform his Maori clients that their land was already contracted to be sold again at twice the price.

It is the doubling in sale price that is the most significant feature of this letter as it illustrates how much more valuable land became once it had passed into European ownership. Because Maori land tended to become available only in large blocks it was not bought by the ordinary farm settler, but by speculators or landowners who could afford the large capital outlay or had access to credit. The profitability of such large purchases and the competition by rich Europeans for Maori land is explained by this possibility of immediate capital gain exemplified in the correspondence cited.

Apart from the immediate capital gain involved on the purchase of unimproved Maori land, another interesting feature of these land acquisitions is that they were purchased with assistance of 5% Maori Land Board mortgages. The Maori Land Boards were set up under the provisions of the Native Lands Act 1909. Their function was to confirm the alienation of Maori land, to administer Maori land held in trust for Maori, and to act as statutory agent for Maori owners. Government funds were available on an annual basis to the seven Maori Land Boards for the purpose of constructing roads and bridges to open-up Maori land and improve its value. Such funds could also be used by the Boards to discharge any mortgages or charges to which land was subjected. Revenues from lands were to be paid to Maori owners or invested for their benefit at the Board's discretion (New Zealand Year Book, 1912, p.

550).

It would appear that Alma-Baker obtained his Maori Land Board finance from funds invested at the Board's discretion, though it is doubtful if such an investment decision by the Board was beneficial to Maori as the loan was to be used to further alienate Maori land. It is also worth noting that nothing had been done at a local level to improve the value of the Maori land purchased by Alma-Baker although funds had been specifically earmarked in the 1909 Act for roading and other improvements. It would appear that the intention of sovereign law was being subverted by normalising practices. The local Land Board cannot have been short of funds to make such improvements as it was in a position to lend funds to a European for land acquisition.

Members of various professional bodies were appointed by the government to sit on the District Maori Land Boards and they were the arbiters in allocating Board funds. Burrell (1988) referred to this kind of decision making as a normalising function performed by a whole series of subsidiary authorities who swarm around their disciplines. Professional experts, therefore, adjudicate on the cases coming before them. In this case, the District Maori Land Board decided it was more normal to invest their money with a wealthy landowner than to allocate their funds for local land improvements. Foucault (1977) maintained: "The judges of normality are everywhere. We are in the society of the teacher-judge, the doctor-judge, the educator-judge, the social worker-judge. It is on them that the universal reign of the normative is based" (p. 304).

In this context the accountant-judge and the lawyer-judge could equally well be added to Foucault's list. Both of these professional by deciding what was normal facilitated the transfer of Maori land at a bargain price and arranged the purchase with Maori Land Board Funds. Such decisions involve two perceptions of normality. First, land held by Maori was worth only half as much as that held by Europeans and, second, Board funds were safer and more profitably invested with Europeans rather than on schemes to improve Maori occupied lands.

Such perceptions of normality enabled the absentee owner to acquire large blocks of land from Maori by using funds from institutions set up by the government to protect Maori interests. Because Maori land was acquired cheaply, the balance sheets of the two farms soon showed the owner possessing a fifty per cent equity (based upon European market valuations) even though the land had been purchased by issuing a mortgage to finance eighty per cent of the purchase. Three years later, in 1930, the accountant sent his principal his valuation of the properties:

Assets Valuations by A.E. Warnock - Estimates at 30th June 1930

	<u>Pounds</u>
(Limestone Downs)	76,626
(Te Karaka)	38,572

Both properties are now in a satisfactory condition as regards stock. They can now make their foundation of stud, and selected run mobs of sheep, and herds of cattle, continue breeding and selling without any

further outside purchases from the beginning of 1931. All heavy expenditure on development work has now been completed.

Letter from A.E. Warnock, Public Accountant to C Alma-Baker, dated 7.12.30. C.A-B/ Box 8.

From the figures quoted above, it can be calculated that within four years the value of the properties had risen from a land cost of 21,800 pounds to 115,199 pounds ⁴, although this sum included forest clearing and drainage which would have contributed value to the land. Furthermore, the local council had supplied a road which would have added considerably to the value of the estates. Nevertheless, the capital gain involved in the property acquisition after three years represented a phenomenal increase in value.

It was a gain achieved by transferring land from a community lacking power/knowledge to an individual, who with the assistance of his accountant, possessed power/knowledge. Such extraordinary gains Foucault (1977b) explained by reference to the exercise of power: "We now know with reasonable certainty who exploits others, who receives profits, which people are involved, and we know how these funds are reinvested." (p. 213)

Land obtained for such a low cost has, in the long run, been to New Zealand's economic and environmental disadvantage. Such values have distorted reality

⁴ To obtain approximate present values in dollars a multiplier of 100 should be used.

by making farming on marginal land appear highly profitable especially in the short term. Gray (1991, p. 32) argued that organisational incomes have been grossly overstated by traditional accounting techniques as costs have been postponed for future generations to bear. Gray (1991, p. 10) refers to what are known as 'external' costs, though Gray denies that these cost are 'external' when the physical environment is the basis of production and existence. Whether Gray's (1991) argument has merit or not, the issue has already been decided and internalised by accountants performing their normalising function: external costs are not normal. Because these perceptions of normality have been internalised, accountant-judges in New Zealand calculate only private costs as 'normal' expenses while public costs are ignored.

For example, the depreciation of privately held assets is measured but depreciation of the environment (or community-held assets) is not. Judgements in favour of ignoring external public costs support the exploitation of resources as it becomes profitable to destroy native forest for marginal pasture land and, in the process, alienate indigenous communities. Accountants adjudicating costs in this way may be seen as serving the interests of private capital accumulation as illustrated by the valuation statement (see p. 302) submitted in 1930. On the other hand, indigenous people might conclude that exchanging forest for marginal farmland was an unprofitable activity and that a different set of 'normal' costs were involved. Such differently perceived 'normal' costs might include soil depletion, land erosion, chemical run-off pollution, forest regeneration, social dislocation and urbanisation of unemployed indigenous

peoples.

Developing Farm Access: the Road

The absentee owner had status because of his wealth - wealth which obtained for him, not only the respect and loyal service of professionals, but also enabled him to gain influence with government ministers. Within weeks after the properties were purchased, with the assistance of the local council, a priority road was obtained from the government. At that time, large blocks of land were unsuitable for commercial farming unless roads were established to connect farms with markets and service centres. In fact, all land was marketable at a price as there was much unsatisfied European demand, but land served by a road system was much more valuable. Of particular relevance to the land purchase is that although the District Maori Land Board possessed funds for roading purposes, it had chosen not to apply them in this way.

Correspondence was initiated by the Auckland accountant after receipt of a cable from his principal, then resident in Sydney. The cable required that the accountant obtain from the local Council: "... road plan tracing cloth showing present metalled and earth roads coloured differently also roads required and positions of available metal deposits near proposed roads through property." The accountant addressed his request to Mr. Wright, the County Council Engineer, and the letter reveals that some discussion of roading between the professionals had already taken place:

22nd December 1926

Dear Sir,

As Mr Blomfield [the owner's solicitor] and I advised our client of our conference with Mr Marsland [the County Clerk] and your good self regarding the prospects of expediting the road work I assume from the cable that he is interested and that the above plan is to assist him in laying the matter before the Minister of Public Works.

Mr Alma-Baker [the owner] sails from Sydney on the 21st inst and is due here on the 4th prox. so if it is possible for you to let me have the map and information before the end of the month I shall be obliged and I am sure Mr Alma-Baker will appreciate it.

Letter from A.E. Warnock, Public Accountant to K.M. Wright, County Engineer. C.A-B/Box 4.

The detailed map and other information was duly provided by the County Council officials. A few weeks later, Mr Alma-Baker visited New Zealand for the express purpose of meeting the Minister for Public Works. In the following letter dated 11 January 1927, the accountant, Warnock, made a point of thanking the County Council officials for their assistance with this proposed road scheme.

Dear Mr Marsland,

My Principal (Mr C Alma Baker) has instructed me to thank you and Mr Wright [the County Engineer] on his behalf for the manner in which you met him on Saturday.

He [Mr Alma-Baker] is hopeful of meeting the Minister for Public Works on the 17th or 18th instant and will discuss the proposition on the lines kindly suggested by you in order to expedite the work as much as possible.

On his behalf I also confirm the donation of one hundred pounds to improve the clay portion of the road. The work to be done by grader not later than next month and to be subsidised by General Rates as far as these are available. The important thing is to have the work done by next month and if this is possible I am prepared to send you, on my client's behalf, now or at any time a cheque for 100 [pounds].

Kindly let me hear from you in due course. I think if we can continue friendly cooperation it will be for the benefit of the whole district.

Letter from A.E. Warnock, Public Accountant to H. Marsland, County Clerk. C.A-B/Box 4.

It is very doubtful if such 'friendly cooperation' was for the 'benefit of the whole district' as most of the rural population comprised Maori subsistence farmers on inaccessible land. Once land became accessible by road there were rates to pay and there was increased pressure on Maori to sell. Families which subsisted on a few acres either retreated on to remaining lands or were forced to migrate into the towns. Either alternative meant a decline in their living standards as they were forced into a cash-exchange society. Of course from a bureaucratic disciplinary control point of view, 'enclosure' had rendered Maori more available to society and they now had the potential to become a disciplined labour force, albeit in an urban and menial setting.

Naturally, the new landowner wanted the road to go ahead immediately and subsequent letters reveal how accommodating the County Council officials were. They even 'wired' the Minister on the landowner's behalf and left no doubt as to their full support for the 9,000 pound road scheme. Their basic enthusiasm for the road to open-up the recently acquired Maori lands on the

behalf of a single investor is made clear in this letter to the new landowner's accountant.

20 January 1927

Dear Mr Warnock

re C.Alma Baker

Yours of the 19th inst to hand this morning and I just tried to get you on the phone but you were out.

I had a wire on Tuesday from the Minister of Public Works to the effect that he understood we had a 6,000 [pounds] loan in hand for Wakaretu - Port Waikato Road and desired 3,000 [pounds] subsidy and if this granted it would be a first charge against all County grants for next year. From this it would appear to me that probably Mr Alma Baker had not put the matter very clearly to him. In reply I wired him [the Minister] to the effect that what we really wanted was his authority to expend our 6,000 pound loan money first in assisting your client access, without jeopardising the Grant money.

I wired him at length and no doubt we shall hear very shortly from him in the matter and I made it clear to him that we shall not require the Grant money for some time, as long as we have his authority to go ahead with the loan money.

Letter from H. Marsland, County Clerk to A.E. Warnock, Public Accountant. C.A-B/Box 4.

The letter reveals that some of the enthusiasm of the County officials was tempered by the Minister's 'wire' that the government subsidy of 3,000 pounds would be a first charge against next year's grants from the government. It would appear that Mr Alma Baker having met with the minister to obtain permission and funding for his 9,000 pounds road proposal, had not been too

worried about jeopardising future County grants, and had gone further than the County officials would have liked. Nevertheless, the County officials, although anxious to modify the agreement to charge future grants, were keen to press ahead with the new road as a matter of urgency.

The priority that the local County officials attached to the road is remarkable because the urgent need for a new County road only emerged when the surrounding land passed into European possession. If the County officials had lobbied the government for roading funds when the land was Maori owned, they would have increased the surrounding land value and promoted the welfare of local Maori. Admittedly, Maori did not usually press for roading because proximity to roads made their land rateable. However, in their rural isolation Maori were unaware of the added value a road would bring to their land and it would appear this information and the options it gave them was never brought to their attention by the local authorities.

The sale of Maori land, before roading made such land accessible, raises the further question of whether the Minister of Public Works and the local County officials were breaching the Treaty of Waitangi (the treaty by which New Zealand was ceded to the British Crown in 1840), at least, in spirit. Under the Treaty, the government had guaranteed Maori possession of their lands and, if Maori desired to sell, act on their behalf (see Appendix 1, article 2). In other words, the Treaty obliged the local authority either to advise Maori against selling their land on the grounds of the social and long term disadvantages

entailed or, if Maori insisted on selling, to advise them to apply to the District Maori Land Board for funds to improve and to add value to their land before selling it.

Roading was a major factor in the increase in the value of the properties purchased. It is surprising that an absentee owner should have been able to see a government minister to obtain funds for a road to link his farms with the existing transport infra-structure and that the road, subsidised by the general rates, was given priority by the local authority. The whole affair illustrates the use of power strategies and normalising judgements involving local government officials and Alma-Baker's accountant.

The priority construction of the road raises the further question of why the local authority were so obliging, and sixty-five years later such a question is not easily answered. Perhaps, it was because Maori landowners did not pay rates and most of their land remained forested that their continued landholding was viewed as an obstacle to progress. Perhaps also, it was a case of the local government officials judging 'normality' in the Foucauldian sense. Alma-Baker may have been preferred by the local authority officials because by advancing his interests, the interests of local government were also advanced in the form of increased surveillance, regulation and enclosure. It must be emphasised that Maori were independent of government on their own land, and ignored local by-laws and rate demands. Maori sovereignty on their own land may well have been an anathema to local government officials because this behaviour defied

the trend to increasing enclosure and administrative control which were the hallmarks of a modern power/knowledge regime (Hoskin and Macve, 1991, p. 11).

Disciplinary Control

The whole management operation was impressive in terms of the accountability demanded and the consequent flow of information required. The owner may have been continuously absent but he could trace the welfare of every beast on the farm, and knew the exact hours of work of every employee whether full time or casual. By such mechanisms of discipline and surveillance, accounting information enabled Alma-Baker to extend his 'gaze' into every aspect of his New Zealand estates.

Once approved, budgets were rigidly adhered to on the expenditure side and any downturn in farm income, as occurred in the early 1930s, had to be adjusted for by a matching curbing of expenditure. In this way profit was preserved and the budget made to balance. Overseen by the farms' accountant, the curbing of expenditure bore heavily on the farms' employees, particularly the casual labourers who were the most dispensable because their work in improving and extending the farms was no longer necessary due to the recession.

The surviving correspondence provides an interesting example of how

accounting practice serves to discipline and control. In the following extract, the farm manager offers to reduce his own wages and those of his employees in order to stay within budget at a time when expenditure had run ahead of actual income due to a fall in world prices for farm produce. From a Foucauldian perspective, accounting information supplies a means by which employers can control wages and exert discipline upon the labour force by determining where labour can be reduced.

October 20 1930

Dear Sir,

Enclosed please find a list of expenses and reductions that be made in the running expenses of Limestone Downs. Mr Mullen from 156 [pounds] a year to say twenty days of 1 [pound] per day, that is the general rate of pay for such work. Mr Kelly will of course be leaving and I do not intend replacing him. Myself will be reduced one pound per week. Kapi Clark [assumed to be Maori and as such a casual employee, and paid at a rate below the general rate referred to above] will be reduced from 15 shillings per day to 14 shillings, and one fencer to be done without and the other to be reduced one shilling per day. Most of the fencing is complete and Kapi and one fencer can do all the work at a pinch.

With regard to increasing the revenue the only way I can see is to reduce the sheep by at least one third as we have far too many sheep now and then do our cattle better under the present conditions. It only means starvation for the cattle for at least five months through the year and it takes too long to get them in anything like saleable condition.

Letter from C.P. Newman, Farm manager to A.E. Warnock, Public Accountant. C.A-B/Box 3.

The offers referred to in the above letter were approved and accepted by Warnock, the accountant. It is interesting to note that the Manager used the

title 'Mr' when referring to his European employees, while he refers to his Maori employees either by their first name 'Kapi', or in terms of their job description 'fencer' (names and rates of pay on wage receipts indicate that 'fencers' were Maori). Moreover, an examination of the names recorded in the wages book revealed that the casual employees referred to were Maori and paid at a lower rate as the letter above indicates. Most Maori casual workers had already been made redundant when the work of deforestation and swamp draining had been completed, but now the effects of their commodification were felt as only a few Maori were retained. Commodification had meant that Maori had no place to continue their traditional subsistence agriculture. Tribal links perished as Maori drifted to the towns in search of work, or to registered as unemployed.

The above letter also indicates that the accountant was putting pressure on the farm managers to increase revenue. Newman responded by proposing to raise the quality of the cattle produced by reducing sheep numbers and releasing more grassland for cattle grazing. That the farm manager felt bound to consult the accountant on these technical decisions illustrates the power held by the accountant as the landowner's representative. Newman probably never knew whether the accountant's inquiries originated from the owner or whether his replies would be forwarded on with additional comments. Thus Newman, the farm manager, was curiously like a prisoner in Bentham's Panopticon; he had no idea as to the extent of his employer's interest in these matters, but he had to answer the accountant's enquiries as if he was responding directly to his employer.

Another example of accounting as a means of discipline and control is exemplified by the following extract concerning over-spending on approved budgeted items.

3rd December 1930

Dear Mr Baker, [nephew and manager of Te Karaka]

With respect to the estimate of expenses from the 1st December and including the next year it is to be understood that the figures given are the maximum, and must not under any circumstances be exceeded. Each item is to be taken on its own and if the actual expense incurred under such headings do not come up to the amount of the estimate item the surplus cannot be carried forward to the credit of another item. For instance Osborne's wages are put down as 194 [pounds]. If his actual time only works out at 180 [pounds] the total estimate must be reduced by that amount.

The same remark applies to each individual item and the expenditure thereon. The expenditure for the year may therefore be under the estimate, but it must on no account exceed it. The wages of outside employees will on account of shearings remain as at present until the end of the year, but other reductions must commence from the 1st December.

Letter from A.E. Warnock, Public Accountant to E.B. Baker, Farm Manager. C.A-B/Box 2.

The letter shows how much the accountant was in control of farm expenditure. The dictatorial tone of the letter implies that the farm manager was a subordinate. Moreover, the letter deprives the farm manager of exercising any local initiative by insisting that there be no re-allocation of expenditures even within the overall budget constraints. With respect to the farm budget it is the accountant who adjudicated and laid down the normal procedures. The

accounting system instituted performed a normalising function. It forced the farm managers to adapt and conform to the standards imposed. According to Foucault (1977, p. 210-211), it is this ability to re-train individuals to conform to imposed systems that distinguishes modern human disciplines from traditional stewardship.

The practice of accounting enabled the absentee owner to operate and control his estates from a distance, so that major decisions such as determination of the rate of farm development and issues of employment and discipline could be made on an informed basis. The knowledge and discipline functions of accounting facilitated the separation of ownership and labour and was a reason for the growth in the importance and power of accounting.

In Foucauldian terms the accountant's role was to extend the owner's 'gaze'. Miller and O'Leary (1987, p. 238) stated that accounting serves to construct a particular field of visibility with respect to crucial aspects of the functioning of an enterprise. This process of rendering visibility alighted on individuals within the enterprise by surrounding such individuals with norms and standards. Accounting systems separate workers from their employers and help to avoid direct confrontations as it is the worker who departs from the established norms and standards. When the accountant wrote to the farm manager: "that each item of expenditure can be under the estimate but must on no account exceed it", he established norms and standards. Any departure by the manager from these standards would therefore be viewed as a wilful and arbitrary action.

Wages: Permanent and Casual

The total wages bill fell during the 1930s reflecting decreases in staff and stock numbers, less casual work, and wage reductions. On Te Karaka, total wage expenses fell from 1,201 pounds in 1927 to 675 pounds in 1935, a decline of 44%. On Limestone Downs, the reduction amounted to 42%.

Both farms made a distinction in their accounts and wage books between permanent staff, paid on a weekly rate and always referred to by title and surname, and casual staff. The casual staff were paid on a daily rate and referred to without title, usually by initials and surnames only. The permanent European staff lived on the farms, and received board and lodging. The casual staff did not live on the farms and received no extra allowances, although sometimes they were paid in kind. The nature of the lodging facilities available is not known, but it was usual to provide farm cottages for married men on the permanent staff. Moreover, the accounts contain an item 'House Expenses' which averages at 6% of farm revenue, and it would be fair to assume that some of these house expenses went to provide for the permanent staff. A surviving budget estimate from Te Karaka for 1932 discloses the following disbursements:

Permanent Staff

	<u>Pounds</u>
Mr E. Baker	182.10.0
Mr J. Osborne	198.16.0
Mr B. Rikys	130.16.8
Boy	22.15.0
Maid	<u>52. 6.8</u>
	587. 4.4
Food A/c	188. 0.0

Estimate of disbursements by E.Baker from 1.1.32 to 31.12.32.
C.A-B/Box 10.

According to the 1930 New Zealand Year Book, the difference in wage rates for farm workers with board and lodging and those without amounted to a compensatory increase, on average, of 66% for the latter. Thus to compare the above wages with those of the casual workers, the former would have to be increased by 66%.

The casual staff often received meat in lieu of wages as the following signed receipt (reproduced) indicates:

Wages due to Heta Clark - Dec 16 1926

2 Days Cutting Track	
2 Days Mustering Cattle	
1 Days Packing	
5 Days at 12/- =	3.0.0
Less Meat Supplied	<u>2.0.0</u>
Wages Due	1.0.0

The above wage receipt illustrates that one week's wages of 3 pounds could be reduced by as much as two thirds by the payment of farm produce. Paying in meat must have been advantageous to the farm in terms of cash flow and the cost of such meat, being a product of natural increases at a time of surplus production, would have been negligible. Receipts, as Loft (1988, p. 35) maintained are more than just enabling devices for power to use; the creation of a record is an act power itself. Not only does it represent a choice concerning what is important but its creation can induce obedience. From such

documents, the activities of each casual worker could be reconstructed, analysed and investigated. Moreover, the receipt indicates meticulous and close supervision as, for example, the amount of meat supplied was exactly calculated. Agricultural industry, because of the separation of ownership and labour, required a system of individual discipline based on enclosure and objectification, principles which involved separating workers, calculating labour times and measuring materials consumed. Individual accountability was required to establish production norms, and such a system may be contrasted with traditional Maori production methods based on seasonal tasks to be performed collectively (Parsonson, 1981, p. 147).

The collection and retention of the wage receipts duly signed by each casual worker demonstrates accounting as a disciplinary technology incorporating a technique of surveillance and detailed control of the individual. Another example of a (signed) wage receipt is reproduced to help reconstruct the practices then prevailing.

Wages due to Kapi Clark - Dec 16 1926

From Nov 19 to Dec 16

15 Days Laying Fence Line Posts	
3 Days Packing Wire	
4 Days Packing and Sledging Battens	
2 Days Taking Sheep to Heads Shearing	
24 Days at 14/- =	<u>16.16.0</u>
Less Meat Supplied	.10.6
Less Boarding at House for 2 weeks	<u>2.00.0</u>
	2.10.6
Total Due	<u>14. 5.6</u>

Why Europeans were paid more on farms and given an extra allowance for food whereas Maori had meat deducted, is difficult to explain. It could be argued that the opportunity cost of Maori labour was much lower and that local Maori having strong social ties to the district were willing to take any work available. On the other hand, Foucault (1977b, p. 213) maintained:

It [power] is always being exerted in a particular direction, with some people on one side and some on the other. It is often difficult to say who holds power in a precise sense, but it is easy to see who lacks power.

In terms of the above statement, Maori economic vulnerability can be explained by their lack of power and by their being victims of 'some people' exerting power in a particular direction.

It can be estimated from the wage book and receipts that of the 1586 pounds classified as Limestone Downs' wages (see 1935 Farming and Profit and Loss Account, Appendix 12), 38% went on wages to the permanent staff, 29% to regular casual staff, and the remainder to various seasonal workers. Moreover, wage rates fell substantially on these two farms during the depression years 1930-35. For example, the permanent staff's wages based on these estimates would have fallen from 1,054 pounds per annum to 602 pounds, a fall of 42%, a situation borne out by the surviving records from Te Karaka. However, during this period of depression, the permanent European staff would have retained

on-farm benefits such as food and lodging.

The wages of the regular casual staff were also reduced and, calculated on the same basis for Limestone Downs, would have fallen from 795 pounds per annum to 460 pounds - a similar drop of 42%. In 1935, the wages of the regular casual farm workers, who from the names in the wage receipts can be assumed to be Maori, amounted to 7% of Limestone Downs's revenue.

In 1927, at Te Karaka the following wage estimates were returned to the accountant.

Mr Baker 4 pounds per week and found	208.0.0
Mr Danby 3.10.0. per week and found	182.0.0
Mr Osborne 3.12.0. per week and found	187.4.0
Found say 5 persons at 1 pound per week	<u>260.0.0</u>
	837.4.0

E.B. Baker's estimates dated 21.1.27. C.A-B/Box 6.

The last reference to '5' persons would appear to cover the food expenses of the household including the boy and maid referred to previously. On this smaller farm, the estimates for casual employees were:

Kopi Clarke 14 shillings per day and one extra casual man required at once at 14 shillings per day.

E.B. Baker's estimates dated 21.1.27. C.A-B/Box 6.

The work of the casual regular wages men included: stock work, packing, hauling fence timber, hauling cottage timber, hauling bridge timber, and hauling drinking place timber - jobs which would have had a short term and temporary nature.

The surviving records of Te Karaka, that by 1935 the farm had shed one permanent man and employed no casual workers, other than the usual shearers. The local Maori labour force, used to regular casual employment since the sale of their lands some eight years earlier, would have had few employment opportunities at this time.

Nevertheless, in the period immediately following the land purchases from Maori, there was much to be done in the way of capital improvements and stocking of pastures. Te Karaka was, for a few years, in an expansionary phase and this is exemplified by some of the expenditures listed:

500 acres of Bushfelling at 2 pounds	1000.0.0
Fencing 380 acres at 10 shillings	190.0.0
Scrubcutting 60 acres	80.0.0
Cleaning up scrub in paddocks.	70.0.0
Stumping and ploughing 30 acres	80.0.0
Sowing seed 380 acres at 4 shillings	76.0.0
Grass seed 380 acres at 33 shillings	627.0.0
Felling Kaawa Valley 250 acres at 37/6	468.0.0
Swamp drains	300.0.0
Building Cottage	130.0.0
Cutting timber for Cottage	200.0.0
Clearing scrub in Waikawau Valley	500.0.0
Erecting new 7 wire fence 2.5 miles	<u>120.0.0</u>
	3841.0.0

E.B. Baker's estimates dated 21.1.27. C.A-B/Box 6.

The above estimates were sent to the accountant for approval, and provide a record of capital improvements undertaken in the first year. For the first two to three years, many local Maori would have found employment on a daily cash basis. It is estimated that local Maori employed on these capital works could have earned at the most 3,138 pounds each year (or 82% of the capital expended) due to the high labour content of the work involved over three years.

By 1930, the accountant, A.E. Warnock considered that developmental work was complete and valued Te Karaka at 38,572 pounds. As the original cost of the unimproved land was around 4,800 pounds, the added value amounts to 34,572 pounds, a gain of 864%. The accountant's valuations and accompanying remarks reveal that the farm required four years of capital expenditure.

Maori as casual unskilled labourers gained little from this agricultural development. Only the first four years of labour intensive capital development offered substantial employment. It was an unequal exchange for Maori, who could not derive permanent income from the industry they had laboured to establish. Tinker (1985, p. 37) commented with reference to a similar study involving the activities of Delco Corporation in Africa: "Is it sufficient to look at the shareholders' profits in appraising such activities, or should the effects on all parties be scrutinised?" Accounting, therefore, became one of several disciplines which through their normalising functions (with regard to land values,

Maori District Land Board loans, local roading policies, employment and wage rates) effectively excluded Maori from playing any meaningful part in an economy based on private enterprise and market demand.

Expenses, Profit and Capital Gain

Throughout the period studied, expenditure expressed as a percentage of total farm revenue remained comparatively steady. Based on incomplete records, the averages for the period were estimated to be:

Expenditure as a percentage of Farm Revenues

Wages	22%
General Farm Expenses	24%
Rates, Taxes, & Insurance	6%
Interest	33%
Accountancy Charges	5%
Depreciation	2%
Profit	8%

General Farm Expenses included amounts for fertiliser, stores, grading, freight, repairs, shearing, topdressing, dip, poisons, petrol and house expenses. The accountancy charges appear substantial at 5% of the revenue. Interest represents the largest single expense absorbing 33% of revenue, but it should be remembered that the farms were largely financed on borrowed capital by way of Maori Land Board loans at 5%. Profit averaging 8% of revenue was quite good for the period even though the return to owner's equity amounted to only 1% (see Appendix 12). As is often the case in farming, the real gain

from these farming enterprises was in the owner's equity and a significant capital gain resulted from a minimal capital input. Moreover, by 1936 the worst of the depression was over, and there began a long period of rising prosperity.⁵

Chapter Summary and Conclusion

Two farms were established by an absentee owner who purchased, with the aid of Maori Land Board mortgages, unimproved Maori land very cheaply due to the imperfect (or inefficient) market conditions prevailing. It would appear from the correspondence that only the professional Europeans possessed the power/knowledge to exploit the potential value of the land and this knowledge was used to advance their client's interests. The accountant was also instrumental in arranging with the local council for a road to be built once the land fell into European hands and the road, which was immediately constructed, would have added greatly to the value of the properties. The involvement of the Minister of Public Works and the local County officials in giving priority to this new County road only weeks after the land had changed hands was probably in breach of the Treaty's, second article (see Appendix 1). The Treaty had allowed that when Maori wanted to sell land the government would 'treat' on their behalf. The intention being to protect Maori from exploitation in a free

⁵ Capital gains of the kind illustrated stimulated further production and created more business opportunities for accountants and lawyers. Bringing forested land into 'production' was a profitable activity, especially in the first few years when the land retained its organic forest residues. Thereafter, chemical fertiliser was required and production costs increased. However, the quick profits to gained from enclosing and developing forested land have ensured the continued deforestation of New Zealand and other countries where a similar potential exists.

market. Clearly, no such protection was granted.

The farms offered permanent employment to European employees. Management positions required numeracy and literacy skills in order to complete the various returns and estimates demanded by the accountant charged with overall control (see Appendix 13 for examples). For the former landowners, there was initially casual work involving forest clearing and swamp draining. But once this developmental work had been completed, there was little need for their services, and ultimately many local Maori had to look for work in nearby towns. Their labour, once it was commodified after the alienation of their means of subsistence, could be dispensed with when no longer required by the owners of capital. Without secondary education, Maori had little chance of significantly contributing to or participating in the expanding agricultural industry of New Zealand - an industry which was about to enjoy a long period of unprecedented prosperity.

For some time, New Zealand Maori have felt cheated, having lost ownership of most of the land with little to show for it. Yet the arguments about exploitation have proved difficult to articulate, as the specific nature of that exploitation has been subtle, and is difficult to identify. It is suggested that this case study helps identify these subtleties, and explains why so many Maori feel cheated by the European market system. It is further argued that the normalising function of accounting played a part in facilitating a commercial system that would be biased towards the establishment of European values

(individual ownership, profit, competition, quantitative measurement skills, capital gain, etc.). Moreover, the case study demonstrates how the normalising functions of various disciplines established values which were used as a means of constructing exchanges during a period of transition from subsistence to commodity production.

Accounting knowledge became power and was exercised by those with knowledge to exploit the indigenous landowners thus creating social instability. In the first instance, accounting knowledge facilitated the transfer, at low cost, of land from collective to individual ownership. It also promoted capital gain. Accounting knowledge further assisted in distributing the farm revenues and in ensuring that a surplus was available to the absentee owner. The distribution of the farm revenues favoured Europeans, who were more employable because they had absorbed the ability to think and respond in quantitative terms. Yet, the labouring skills of the former landowners were utilised when required and it was their labour which created much of the capital improvements and which added the value to these farming enterprises. The future revenues to be derived from these considerable improvements were never to benefit directly the unskilled casual Maori labourers.

Judged by narrow accounting criteria, the two farming enterprises were extraordinarily successful and the accountant who managed the farms for the absentee owner is to be congratulated. In particular, the capital growth (untaxed) was outstanding, especially when viewed against a background of

world depression.

The economist Keynes (1933), however, wrote that under the peculiar logic of accountancy slums rather than model cities were built, because slums paid. The increase in the importance and power of accounting in New Zealand may be explained in terms of its normalising function based on its peculiar logic. Although, it has been shown, accounting was but one of a swarm of disciplines which adjudicated normality in New Zealand society. These disciplines, according to Foucault (1980, p. 105), were the great inventions of bourgeois society. They were fundamental to the constitution of industrial capitalism and the type of society that is its accompaniment (p. 105).

CHAPTER 8

SUMMARY AND CONCLUSION

This final summary is organised into two main sections: first, a review of the central question and second, an evaluation of the subsidiary questions of this thesis. An overall thesis conclusion follows the summary with the aim of drawing together the arguments and themes presented in the case studies and highlighting the strengths and weaknesses of the Foucauldian approach.

Why is accounting now so powerful?

The central question considered throughout this thesis is why is accounting now so powerful. To address this question from a New Zealand context, three case studies were examined and an attempt was made to explain the accounting practices depicted. Foucauldian theory was used more to understand and explain the specific data, rather than to produce generalisations. However, in order to respond to the central question/problem, some generalisation is unavoidable. Fundamental themes from each case study are briefly summarised here with reference to salient examples from each.

The first case presented in chapter five featured an accountant, WKM, striking out into practice for the first time and leaving the security of a government post. The early letters revealed the considerable hesitation WKM felt about this move and his concern about getting enough work. By the end of the period under review it was clear that WKM not only had plenty of well remunerated work but was in a position to decline work. From his work and connections, it was

evident that WKM became a gentleman of some status in the community.¹ His growth in importance has been explained in terms of his knowledge and the power that knowledge made possible. Indeed, the town of Napier, where WKM had his office, owed its establishment to the normalising activities of those professional men, who by exercising their judgement, opened-up the Hawkes Bay province to agricultural industry. As a practitioner of a new human discipline, WKM played a part in establishing the European dominated settlements in the Hawkes Bay province by participating in transactions which re-distributed land. The practice of accounting brought to these transactions a technical discourse which normalised the actions of the parties involved. Such discursive practices created two land markets by differentially valuing Maori and European land. It was argued, that the effect of these normalising practices furthered the interests of a new European landowning elite. The power/knowledge created by the modern human disciplines served, as Foucault (1977, pp. 220-221) explained, the dominant social class which, in turn, conferred more power on the new human disciplines: the power/knowledge process being circular. Thus because of its normalising and disciplinary potential accounting grew in power and significance.

The second case study presented in chapter six focused on a period of rapid change in 19th century Auckland. Various legislative acts had brought about

¹ Invoices and letter in the files reveal that WKM dined twice daily at the Masonic Hotel, Napier and accumulated expensive liquor bills. He had continuously at his disposal a rented buggy. His children were educated at private schools and his eldest sons attended boarding schools (F807).

an initial prosperity as land, labour, capital and enterprise were combined on a relatively large scale for the first time in New Zealand. An absence of professional auditing standards permitted those with inside accounting knowledge to gain a significant advantage and to speculate freely with funds invested by shareholders. Accounting knowledge was important because it created truths which, in turn, sustained the exercise of power. As Foucault explained, "Truth is linked in a circular relation with systems of power" (1980, p. 133). Truth could be used to rationalise and legitimise the speculations of a power/knowledge elite. Accounting was a human discipline which produced knowledge and truth and, as such, became an important source of power and truth. The directors who understood how accounting could be creatively employed dominated investment activity within the Auckland capital market in the 1880s. Their published balance sheets and the accompanying financial discourses produced in the 1880s were the chief means of communicating with company investors. Because the information was attested by audit, there was an assumption that the information published was reliable. But, in many cases, to the surprise of shareholders (as cited), the assumption of reliability subsequently proved unfounded and the information presented had only served the interests of the power/knowledge elite - the directors. Where power/knowledge was particularly lacking, as was the case among the scattered Maori shareholders of the NZNL, major re-distributions of wealth occurred which disadvantaged Maori.

By the 1930s, accountants had acquired professional status and were well established within New Zealand society. But, it is argued, it was a status derived, in part, from their normalising and disciplinary powers. The case study presented in chapter seven showed how a public accountant cooperated with other professionals to transfer land and promote capital gain. Foucauldian theory was again applied to explain how these strategies of power were exercised. The theory highlighted the adjudication aspects of accounting and showed that normality was a social construct shared with other professions (law and local government in this case) with the objective of accumulating men and accumulating capital - processes which Foucault maintained could not be separated.

Accounting practitioners, it is argued from these cases, became increasingly important because they could participate in the adjudication of normality. Keynes (1933) recognised this characteristic of accounting when he wrote that under the peculiar logic of accountancy, slums rather than model cities were built, because slums paid. In other words, the unspoken ideology behind accounting discourse is to achieve profit and individual capital accumulation. In the specific cases presented, the wider community and environment suffered because the development of marginal farm land 'paid'. By adjudicating on what 'paid', accounting became a powerful means of creating individual wealth and redistributing resources.

Accounting and the Maori community

The first subsidiary question asked in chapter one, was whether or not accounting practice served individual European land-owning interests at the expense of Maori communities.

Land was the common theme linking the three case studies. Each study showed how land was transferred from Maori to individual European owners by different means. Accounting practice played a part in the transfers depicted. In chapter five, meticulous record keeping, the use of credit, and familiarity with European commercial and legal discourse enabled the accountant, WKM, to facilitate large land transfers. His freedom to adjudicate on a range of matters reflected the growing importance of accounting discourse in commercial affairs as well as the unspoken objective of that discourse which was capital accumulation.²

Undoubtedly as depicted, WKM's practice of accountancy served the needs and aims of local European landowners at the expense of the Maori community. However, in theory, WKM was available to any client who could meet his remuneration requirements and offer the prospect of long-term engagement. All practitioners of the new human disciplines (law, medicine, teaching,

² WKM's activities may, or may not, have been typical of other rural accountants at that time working for wealthy European clients. This factor is of no consequence because explanations in Foucauldian theory do not rely on representative data. The focus is on the specific case.

accounting, etc.) were supposedly available to anyone who had the means to engage their services. In practice, as has been shown, Maori and less wealthy Europeans did not have the means or the power to engage professional representatives. Sometimes professional assistance was donated to Maori but even in these cases, the political and power motives of the donors could be held by fellow professionals to be paramount.³

The land theme was also apparent in chapter six. The NZNL became a device whereby Maori were swindled out of the 250,000 acres of land they had invested in the Company. The New Zealand Herald of 18 April 1890 (quoted in chapter seven) reported that there was an indescribable state of confusion when the NZNL went into liquidation and that "the natives who had never touched any money" had lost their land.⁴ From the history of events portrayed in chapter six, it is clear that Maori were the main victims of this commercial fiasco. Their victimisation may be explained, in part, by their lack of access to accounting knowledge. By contrast, the directors with access to accounting knowledge would have been most likely aware of the Company's insolvency. Their knowledge explains why the directors persuaded Maori to accept sole

³ The lawyer, Sheenan, was considered by WKM to be a supporter of H R Russell, the local opposition member of parliament. According to WKM, Sheenan and Russell had political (power) motives for supporting the Maori cause and stirring unrest (letter from WKM to Sir Robert dated 28 January 1878, F807). Sheenan, himself later became an opposition member of parliament.

⁴ The land lost by Maori was subsequently sold by the BNZ to European bidders by auction (see New Zealand Herald 27 October 1891, as quoted in chapter seven).

burden for the debts of the company in exchange for the Company's assets. In this study, the annual accounts presented served to legitimise and rationalise the position of the European directors. This is not to say, however, that accounting knowledge and practice at that time necessarily served particular European interests but, it is argued, that in this specific case, the effect of accounting practice was to safeguard the dominant European interest at the expense of the Maori community.

The final case study showed how several disciplinary practices converged to effect the transfer of Maori land to European ownership. A combination of normalising functions ensured that Maori land became available at bargain prices, that finance to purchase the land was earmarked and that suitable road access to the land would be given urgent attention. In addition, the particular contribution of accounting practice was the development of the land at the cheapest cost. Budgeting controls ensured Maori labour was used efficiently, and such techniques as payments of meat instead of cash wages kept labour costs to a minimum. However, it was the element of subtle adjudication in all these practices which advantaged individual European interests at the expense of the Maori community. Foucault (1980, p. 102) explained that power is exercised through subtle mechanisms and puts into circulation a knowledge, which although not originally conceived as ideological, becomes ideological because of the exercise of power. In this context, Lemert and Gillan (1982, p. 111) advised researchers to ask: "If power is being exerted, what is its direction, aims, and objectives?" The accountant, Warnock, reported to his

overseas client an excellent rate of capital accumulation and, no doubt, fulfilled his client's objectives. But what objectives were left to Maori after their land had been transferred and developed with the assistance of various professional men, some of them, in theory, acting on their behalf?

Accounting and the Treaty of Waitangi

The second subsidiary question raised in chapter one was whether or not past accounting practice helped to erode guaranteed treaty rights by subverting sovereign juridical law.

Foucauldian theory is particularly relevant to this thesis because of its focus on power in its regional forms and on where power surmounts the rules of right (Foucault, 1980, p. 96). Many of WKM's normalising practices undermined and subverted sovereign law. Scrupulous attention to record-keeping and the astute application of European commercial techniques served to undermine in local European courts the land guarantees that some thirty years earlier the Crown had proclaimed as the founding principles of the colony. Indeed, some of WKM's actions may be viewed today as unethical but the techniques he practised may have been much more acceptable to his contemporaries, especially as most of the colonists were imbued with 19th century notions of progress and development.

In chapter six, Maori lost their land as a result of questionable European

business strategies and, again, accounting knowledge and practice was implicated. Maori were invited to become shareholders in the NZNL by investing their tribal lands. The annual published balance sheet was the visible symbol of their investment and, as such, became a gross misrepresentation even though the precise figures were attested by auditors. However, the NZNL's balance sheet was a statement of wealth which demonstrated the asset backing behind the shares and enabled the courts to eventually decide that Maori had been given consideration for their land in the form of shares allotted. A combination of accounting discourse, technique and auditing practice helped to undermine the Crown's sovereign guarantee to protect Maori land interests.

The part played by accounting discourse and practice in eroding the guaranteed treaty rights of Maori seems more subtle and less conspicuous than that of legal or local government practice. For example, in chapter seven it was the lawyers who were responsible for transferring the land and it was the local government officials who gave urgent priority to a new road, the latter as government representatives having a particular responsibility to Maori under the Treaty. However, the correspondence reveals the accountant to have been the main architect of all these transactions on behalf of his overseas client. Moreover, although it is difficult to disentangle the contributions of the various professions, accounting discourse and practice had some bearing on the fact that Maori land doubled in terms of asset value when transferred to European ownership.

By such subtle normalising strategies and often in close combination with other normalising disciplines, accounting, it is claimed, in these studies, often functioned to subvert sovereign law and breach the Treaty.

Thesis Conclusion

The explanations given in response to the two subsidiary questions posed in this thesis also serve to explain why accounting is now so powerful, albeit within a New Zealand context. Within a period of sixty years from 1870, New Zealand was transformed from a community-based subsistence economy to a modern market-based industrial economy. The modernisation of society has been explained by Foucault (1977, p. 200) in terms of modern disciplines which linked the 'accumulation of men' with the accumulation of capital. The modern disciplines combined the technologies of power with the emergence of the human sciences. Such combinations of power and knowledge transformed the institutions in which they functioned. These institutions began to accumulate more knowledge which could be employed as an instrument of domination. The process was circular; increases in power produced additions to knowledge. Accounting is one such modern human discipline.

This thesis has set out to show how by employing such technologies of power as normalisation, regimes of truth, enclosure, discursive practices and power/knowledge, the discipline of accounting participated in the re-distribution of land and the subjection of individuals. Because land was the source of New

Zealand's economic wealth, modernisation could only proceed by eliminating Maori tribal ownership of land and, in the process, creating a Maori industrial work force.

Accounting practice, as depicted, played a valuable part in the modernisation of New Zealand by advancing the interests of a dominant European entrepreneurial class. Maori land was obtained, generally, by disciplinary power through the application of particular techniques and practices rather than by sovereign power. In other words, as Foucault explained: "Beneath the juridical structure, and supporting it, was a network of micro-powers, the disciplines, which are non-egalitarian, asymmetrical and ultimately counter-law" (cited in Smart, 1983, p. 114).

The disciplines represented the functioning of power. Thus the disciplines (such as law, accounting and local government) evaded and undermined the formal juridical limitations on the exercise of power such as the Treaty of Waitangi. The importance and power of accounting, it has been argued, may be measured by the extent to which accounting, as a modern human discipline, participated in the modernisation of New Zealand throughout the period 1870-1930. A Foucauldian analysis of the empirical data has been undertaken to show that in the cases studied, the practice of accounting and the 'truths' it supplied did feature in land re-distribution and did indeed advance the interests of a dominant European wealthy elite.

The strengths of a Foucauldian approach to data analysis were several. First, the approach permitted a focus on the power/knowledge, disciplinary and discursive aspects of accounting. Accounting information was shown to be socially constructed and, possibly, political in emphasis rather than objective and neutral. Second, the practice of accounting was viewed as one of a 'swarm of disciplines' which function in modern society. In other words, accounting was not perceived as a technical subject to be studied in isolation from other social sciences. The focus of the analysis is on the cultural and social practice of accounting in which power and knowledge intersect. Third, the emergence and functioning of accounting in its various contexts is viewed as a complex phenomenon, due to the interplay of many different influences. The Foucauldian perspective provides a basis from which it is possible to problematise and question accounting, and break away from a unidimensional picture of its development. Foucault's theories suggest that there is no single essence of accounting and that there are a variety of historical contingencies which shape accounting development. Fourth, Foucault opposed all progressive, teleological, and evolutionary histories which attempt to chart the unfolding of humanity and reason from identifiable origins slowly and inexorably into the present. History is viewed as an endless struggle as compared to, say, a functionalist approach which emphasised progress or evolution in accounting.

The chief weakness of a Foucauldian approach was that it implied there should be no attempt to explain motives, directions or outcomes. Foucault (1980, p. 97) stated: "Let us not, therefore, ask why certain people want to dominate,

what they seek, what is their overall strategy." Instead, the overriding concern in this thesis has been on how power operates and functions through the various disciplines rather than on why. A possible criticism is that the Foucauldian approach is not neutral and does not provide objective descriptions of the past. Rather the approach sets out to reveal accounting as a modern disciplinary power participating in a power/knowledge regime.

More generally, though, case study research has some limitations. Explanations advanced in response to the questions posed in chapter one refer only to the cases investigated. Other researchers with different data may pose the same fundamental questions as the issue is never closed; all explanations are partial and capable of development. Furthermore, questions posed by researchers are not resolved by the quantity of cases explained in terms of power or dominance or whatever. Case study research does not attempt to emulate the scientific method and test theory construction in terms of statistical significance. The aim of this thesis was not to seek any universal laws but to foster a greater understanding of the variety of social structures and conditions which have shaped accounting practices.

While this research shows how a particular social theory can apply to particular accounting situations, other social theories should neither be dismissed nor viewed as illegitimate. Accounting situations or cases vary. It is probably fair to say that no social theory is true, no case study is objective, and no findings can be universally justified. As Nietzsche (cited in Foucault, 1977b, p. 203)

wrote: "Knowledge is always in bondage, dependent and interested."

Finally, to paraphrase Miller, Hopper and Laughlin (1991, p.401), an attempt has been made in specific studies to unravel the relations of power within which accounting is embedded, and which, in turn, it has helped to fabricate. Such an attempt, according to Miller, Hopper and Laughlin (1991) is a worthwhile objective in its own right. From these case studies involving relations of power, particular insights into why accounting is now so powerful have been offered. The total transformation in the power of accounting from its humble bookkeeping origins was, according to Hoskin and Macve (1991, p. 10), breathtaking. Foucault's social theories have indicated that we live under a disciplinary power/knowledge regime which is becoming increasingly sophisticated. The studies in this thesis have explained the development of New Zealand accounting in terms of a disciplinary power which thrives in and contributes to a power/knowledge regime.

APPENDIX 1

The Treaty of Waitangi (English text)

Her Majesty Victoria Queen of the United Kingdom of Great Britain and Ireland regarding with Her Royal Favour the Native Chiefs and Tribes of New Zealand and anxious to protect their just Rights and Property and to secure them the enjoyment of Peace and Good Order has deemed it necessary in consequence of the great number of Her Majesty's Subjects who have already settled in New Zealand and the rapid expansion of Emigration both from Europe and Australia which is still in progress to constitute and appoint a functionary properly authorized to treat with the Aborigines of New Zealand for the recognition of Her Majesty's sovereign authority over the whole or any part of those islands - Her Majesty therefore being desirous to establish a settled form of Civil Government with a view to avert the evil consequences which must result from the absence of the necessary Laws and Institutions alike to the native population and to Her subjects has been graciously pleased to empower and authorize me William Hobson a Captain in Her Majesty's Royal Navy Consul and Lieutenant Governor of such parts of New Zealand as may be or hereafter shall be ceded to Her Majesty to invite the confederated and independent Chiefs of New Zealand to concur in the following Articles and Conditions.

Article the first

The Chiefs of the Confederation of the United Tribes of New Zealand and the separate and independent Chiefs who have not become members of the Confederation cede to Her Majesty the Queen of England absolutely and without reservation all the rights and powers of Sovereignty which the said Confederation or Individual Chiefs respectively exercise or possess, or may be supposed to exercise or to possess over their respective Territories as the sole sovereigns thereof.

Article the second

Her Majesty the Queen of England confirms and guarantees to the Chiefs and Tribes of New Zealand and to the respective families and individuals thereof the full exclusive and undisturbed possession of their Lands and Estates Forests

Fisheries and other properties which they may collectively or individually possess so long as it is their wish and desire to retain the same in their possession; but the Chiefs of the United Tribes and the Individual Chiefs yield to Her Majesty the exclusive right of Preemption over such lands as the proprietors thereof may be disposed to alienate at such prices as may be agreed upon between the respective Proprietors and persons appointed by Her Majesty to treat with them in that behalf.

Article the third

In consideration thereof Her Majesty the Queen of England extends to the Natives of New Zealand Her royal protection and imparts to them all the Rights and Privileges of British Subjects.

[signed] W. Hobson Lieutenant Governor

Now therefore We the Chiefs of the Confederation of the United Tribes of New Zealand being assembled in Congress at Victoria in Waitangi and We the Separate and Independent Chiefs of New Zealand claiming authority over the Tribes and Territories which are specified after our respective names, having been made fully to understand the Provisions of the foregoing Treaty, accept and enter into the same in the full spirit and meaning thereof in witness of which we have attached our signatures or marks at the places and the dates respectively specified.

Done at Waitangi this Sixth day of February in the year of Our Lord one thousand eight hundred and forty.

APPENDIX 2

Te Tiriti o Waitangi (The Treaty of Waitangi)

Ko Wikitoria te Kuini o Ingarani i tana mahara atawai ki nga Rangatira me nga Hapu o Nu Tirani i tana hiahia hoki kia tohungia ki a ratou o ratou rangatiratanga me to ratou wenua, a kia mau tonu hoki te Rongo ki a ratou me te Atanoho hoki kua wakaaro ia he mea tika kia tukua mai tetahi Rangatira - hei kai wakarite ki nga. Tangata maori o Nu Tirani - kia wakaaetia e nga Rangatira maori te Kawanatanga o te Kuini ki nga wahikatoa o te wenua nei me nga motu - na te mea hoki he tokomaha ke nga tangata o tona lwi Kua noho ki tenei wenua, a e haere mai nei.

Na ko te kuini e hiahia ana kia wakaritea te Kawanatanga kia kaua ai nga kino e puta mai ki te tangata maori ki te Pakeha e noho ture kore ana.

Na kua pai te Kuini kia tukua a hau a Wiremu Hopihona he Kapitana i te Roiara Nawi hei Kawana mo nga wahi katoa o Nu Tirani e tukua aiane amua atu ki te Kuini, e mea atu ana ia ki nga Rangatira o te wakaminenga o nga hapu o Nu Tirani me era Rangatira atu enei ture ka korerotia nei.

Ko te tuatahi

Ko nga Rangatira o te wakaminenga me nga Rangatira katoa hoki ki hai i uru ki taua wakaminenga ka tuku rawa atu ki te Kuini o Ingarani ake tonu atu - te Kawanatanga katoa o o ratou wenua.

Ko te tuarua

Ko te Kuini o Ingarani ka wakaae ki nga Rangatira ki nga hapu - ki nga tangata katoa o Nu Tirani te tino rangatiratanga o o ratou wenua o ratou kainga me o ratou taonga katoa. Otiia ko nga Rangatira o te wakaminenga me nga Rangatira katoa atu ka tuku ki te Kuini te hokonga o era wahi wenua e pai ai te tangata nona te wenua - ki te ritenga o te utu e wakaritea ai e ratou ko te kai hoko e meatia nei e te Kuini hei kai hoko mona.

Ko te tuatoru

Hei wakaritenga mai hoki tenei mo te wakaaetanga ki te Kawanatananga o te

Kuini - Ka tiakina e te Kuini o Ingarani nga tangata maori katoa o Nu Tirani ka tukua ki a ratou nga tikanga katoa rite tahi ki ana mea ki nga tangata o Ingarani.

[signed] W. Hobson Consul & Lieutenant Governor

Na ko matou ko nga Rangatira o te Wakaminenga o nga hapu o Nu Tirani ka huihui nei ki Waitangi ko matou hoki ko nga Rangatira o Nu Tirani ka kite nei i te ritenga o enei kupu. Ka tangohia ka wakaaetia katoatia e matou, koia ka tohungia ai o matou ingoa o matou tohu.

Ka meatia tenei ki Waitangi i te ono o nga ra o Pepueri i te tau kotahi mano, e waru rau e wa te kau o to tatou Ariki.

A literal Translation into English, made in New Zealand, of the Maori version of the Treaty

Victoria, the Queen of England, in her gracious remembrance of the Chiefs and Tribes of New Zealand, and through her desire to preserve them their chieftainship and their land, and to preserve peace and quietness to them, has thought it right to send them a gentleman to be her representative to the natives of New Zealand. Let the native Chiefs in all parts of the land and in the islands consent to the Queen's Government. Now, because there are numbers of the people living in the land, and more will be coming, the Queen wishes to appoint a Government, that there may be no cause for strife between the Natives and the Pakeha, who are now without law: It has therefore pleased the Queen to appoint me, William Hobson, a Captain in the Royal navy, Governor of all parts of New Zealand which shall be ceded now and at a future period to the Queen. She offers to the Chiefs of the Assembly of the Tribes of New Zealand and to other Chiefs, the following laws:-

- I. The Chiefs of (i.e constituting) the assembly, and all the Chiefs who are absent from the Assembly, shall cede to the Queen of England for ever the government of their lands.
- II. The Queen of England acknowledges and guarantees to the Chiefs, the

Tribes, and all the people of New Zealand, the entire supremacy of their lands, of their settlements, and of all their personal property. But the Chiefs of the assembly, and all other Chiefs, make over to the Queen the purchasing of such lands, which the man who possesses the land is willing to sell, according to prices agreed upon by him, and the purchaser appointed by the Queen to purchase for her.

III. In return for their acknowledging the Government of the Queen, the Queen of England will protect all the natives of New Zealand, and will allow them the same rights as the people of England.

(Signed) William Hobson

Consul, and Lieutenant-Governor

We, the Chiefs of this assembly of the tribes of New Zealand, now assemble at Waitangi, perceiving the meaning of these words, take and consent to them all. Therefore we sign our names and our marks.

This is done at Waitangi, on the sixth day of February, in the one thousand eight hundred and fortieth year of our Lord.

Text from J.Noble Coleman, A Memoir of the Rev. Richard Davis, London, 1865, pp. 455-456.

APPENDIX 3

A Declaration of the Independence of New Zealand (English text)

1. We, the hereditary chiefs and heads of the tribes of the Northern parts of New Zealand, being assembled at Waitangi, in the Bay of Islands, on this 28th day of October, 1835, declare the Independence of our country, which is hereby constituted and declared to be an Independent State, under the designation of The United Tribes of New Zealand.

2. All sovereign power and authority within the territories of the United Tribes of New Zealand is hereby declared to reside entirely and exclusively in the hereditary chiefs and heads of tribes in their collective capacity, who also declare that they will not permit any legislative authority separate from themselves in their collective capacity to exist, nor any function of government to be exercised within the said territories, unless by persons appointed by them, and acting under the authority of laws regularly enacted by them in Congress assembled.

3. The hereditary chiefs and heads of tribes agree to meet in congress at Waitangi in the autumn of each year, for the purpose of framing laws for the dispensation of justice, the preservation of peace and good order, and the regulation of trade; and they cordially invite the Southern tribes to lay aside their private animosities and to consult the safety and welfare of our common country, by joining the Confederation of the United Tribes.

4. They also agree to send a copy of this declaration to His Majesty the King of England, to thank him for his acknowledgement of their flag; and in return for the friendship and protection they have shown, and are prepared to show, to such of his subjects as have settled in their country, or resorted to its shores for the purposes of trade, they entreat that he will continue to be the parent of their infant State, and that he will become its Protector from all attempts upon its independence.

Agreed to unanimously on this 28th day of October, 1835, in the presence of
His Britannic Majesty's Resident.

APPENDIX 4**The McLean Estate
Balance Sheet as at 15 October 1873**

Fixed Assets	<u>Pounds</u>
Maraekakaho station 42,650 acres at 30s. an acre Leasehold	63975 1000
Akitio Station 20,000 acres at 30s. an acre Leasehold	30000 250
City properties	5000
Maraekakaho stock and plant Akitio stock and plant	13000 3000
Current Assets	
Debtors	<u>1400</u>
	<u>117625</u>
Liabilities	
Capital	81695
Term Liabilities	
A.G. Tollemache NZ Trust & Loan Co.	23000 1500
Current Liabilities	
Bills Payable Union Bank Creditors	5930 3000 <u>2500</u>
	<u>117625</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound and some detail summarised]

APPENDIX 5**The McLean Estate
Balance Sheet as at 31 March 1874**

Fixed Assets	<u>Pounds</u>
Maraekakaho station	
Freehold	56964
Leasehold	2000
Akitio Station	
24,857 acres at 20s. an acre	24857
Leasehold	900
City properties	5648
Shares	260
Maraekakaho stock and plant	14235
Akitio stock and plant	3600
Current Assets	
Bank	1225
Debtors	<u>3997</u>
	<u>113686</u>
Liabilities	
Capital	76200
Term Liabilities	
A.G. Tollemache	23000
NZ Trust & Loan Co.	1500
Current Liabilities	
Bills Payable	8030
Union Bank	3484
Creditors	<u>1472</u>
	<u>113686</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound and some detail summarised]

APPENDIX 6

Petition of 371 Maoris of Hawke's Bay, Wairarapa, Wairoa, and Turanganui

Presented 14th August, 1873, and ordered to be printed.

To the General Assembly of New Zealand in Parliament assembled,

THE PETITION OF THE UNDERSIGNED MAORIS OF THE DISTRICTS OF HAWKE'S BAY, WAIRARAPA, WAIROA, and TURANGANUI.

SHOWETH,-

1. That for several years past the Maori people have been suffering great loss and injury by reason of the improper, confused, and irregular operations of the Native Land Laws.

2. That first there was one law passed to give Maoris Crown grants for their lands, and then soon came another, and another, and another, each altering and amending the ones that went before it, until now it is impossible to understand what the laws are which govern the Maori lands.

3. That under the present laws the following evils have been created and fostered, to the great damage of the Maori people:-

First. The lands are eaten up by money for survey, Court fees, grant fees, and payments to lawyers and interpreters, and other expenses, to such an extent that the balance which comes to us from the sale of our lands is very small.

Second. The names of few people are put in grants for large blocks of land, and no care is taken of the interests of the people owning the land, but whose names are not in the grant; and thus the grantees are enabled to lease, encumber, and sell the land for their own benefit, without the knowledge and consent of the outsiders, and without sharing with them the money which the lease or sale of the land produces.

Third. That many people are put into grants whose interests in the land are not equal, some being large owners and others small owners, and the laws give no facilities for ascertaining the interests of the several grantees in cases where the land has been leased to Europeans, so that after the land has been leased, and some of the grantees sell and others do not sell, there is no clear way of finding out how much of the land belongs to the people who have not sold.

Fourth. That facilities are placed in the way of imprudent owners to dispose of the lands without any regard being had to the remainder of the people.

Fifth. That sufficient care is not taken to secure to the Native owners the benefit of disinterested advice and explanation, when signing papers and deeds about lands, and the persons from whom they receive explanations being the Europeans who are anxious that the deed be signed.

Sixth. That no precaution is taken to see that the land is sold or let for a fair price; the Maoris being ignorant of the causes which give value to these lands, are drawn into leases and sales of these lands at prices very much below what the Europeans themselves would accept.

Seventh. When the names of children and married women are put into grants, the interpreters are allowed to go and obtain the signatures of these women and children in a way which would not be allowed with European women and children.

Eighth. That sufficient care is not taken to make proper reserves to be held for the use and benefit of the Maoris, so that many Maoris are now without any land whatever on which they may live and work.

Ninth. That the Europeans are allowed to go to the men whose names are in the grant one by one and make bargains with them, which are unknown to the other grantees, whereas all the grantees should be called together, and unless all consented the land should not be sold.

4. That these are only some of the great evils and troubles which have come upon the Maori people by the work of the Native Land Laws, and many others will be ascertained if the Parliament agrees to enter upon the work.

5. That for three sittings of the Parliament the talk of the Government has been that they were about to make a new and clear law for dealing with the lands of the Maori people, and the Maoris, depending on these promises, have been waiting patiently for the fulfilment of the words of the Government, and up to this time have not seen anything come out of these words of the Government, but have heard only of the promises.

6. That the Government also some years ago sent people about the country, asking us questions, and telling us about this new law of the Government, and we told these people all the miseries and evils which had befallen us because of the work of your Native Land Courts, and your lawyers and interpreters.

7. That the Government, if its thoughts had been just and fair to the Maori people, would long ago have come to our assistance, and made for us a law which should be fair in its operation and easily understood.

8. That we are afraid that at this sitting of the Parliament the promising work of the Government will begin again, and we shall be told things about this new law of theirs, but shall not see the law made.

9. That we are grieved because of this deception and promise making of the Government, and therefore request that the Parliament will turn their thoughts to us, and demand from the Government that these should be made good.

10. That only those portions of the Maori people who have fought for the Europeans, and have dwelt quietly under the laws made by the Parliament, have suffered injury; for we, believing that the law about the land was good, have had our lands surveyed and put into Crown grants, because we were told our lands would thereby be secured to us under the mana of the Queen; and now nearly all these lands are mortgaged or sold, and we the Maoris are left poor and without lands.

11. That if we had not trusted in the laws of the Europeans, but like the rebels or the "King" natives had remained holding on to our lands under our Maori customs, those lands would still be in our possession, and should not have gone for debts and drink, and for small sums of money, to deceitful Europeans.

12. That even now it would be better that the work of the Law Courts should cease altogether unless the laws are made better than they now are. Wherefore we ask the Parliament to do away with the bad laws now in force, and to place in their stead a good law which shall be capable of being understood, and under which the evil work of swallowing up lands by debts and drink and mortgages - of going to the grantees one by one and not speaking to them altogether - of leaving us in the hands of the lawyers and interpreters of the European purchasers, and all these other evils, - may be put an end to.

[Here follow 371 signatures.]

APPENDIX 7**The McLean Estate
Balance Sheet as at 30 June 1881**

Fixed Assets		<u>Pounds</u>
Maraekakaho station Freehold		94327
City properties		9458
Shares		195
Maraekakaho stock and plant (includes 44,000 sheep)		36699
Current Assets		
Bank		994
Debtors		<u>1465</u>
		<u>143138</u>
Liabilities		
Capital		121178
Term Liabilities		
Te Aute College Trust Fund	3000	
NZ Trust & Loan Co.	1500	
Mrs Catherine Hart (nee McLean)	2000	
Annabelle McLean's inheritance	1058	
Captain Archibald McLean	<u>850</u>	8408
Current Liabilities		
Bills Payable		4085
Union Bank		4221
Creditors		<u>5246</u>
		<u>143138</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound and some detail summarised]

APPENDIX 8

The Humble Petition of the Undersigned Aboriginal Natives of New Zealand, residing in the District of Poverty Bay, on the East coast of the Colony of New Zealand.

Presented 10th July, 1883.

To the Honourable the Speaker and the members of the House of Representatives in Parliament assembled.

SHOWETH,-

1. That the Native Land Court of the colony has declared that your petitioners, with other natives, are the owners, according to Native custom, of large blocks of land or tracts of country situate in the said district of Poverty Bay, and ordered names of such owners to be enrolled in the Court rolls of the said Court therefore.

2. In or about the year 1878, and at various times since, several of your petitioners and other Native owners were induced to convey their undivided interests or shares in several such blocks of land in trust for the sole use and absolute benefit of the conveying parties and their children.

3. The said trustees, after acquiring such blocks of land in trust from your petitioners and other Native owners, have wrongfully sold, mortgaged, and otherwise parted with such lands to private individuals, and received large sums of money, exceeding 50,000 [pounds], therefore, but no portion of the money received by such trustees has been paid to your petitioners, and the said trustees refuse to account to your petitioners for the same.

4. After the sale and mortgage of our lands, the said trustees, or some of them, and others, in concert with persons and companies to whom the said trustees or some of them were largely indebted, and in concert with those persons to whom they had sold and mortgaged our lands, and with other Europeans anxious to dispose of the lands acquired by them to the said trustees formed a company now called 'The New Zealand Native Land Settlement Company (Limited),' to purchase such lands and take over such securities; and up to this time and for a long time afterwards your petitioners had no knowledge whatsoever that the said trustees had sold or mortgaged the lands which your petitioners had conveyed to them in trust.

5. The Company so formed acquired, without any consideration, the interests then remaining invested in the said trustees, who thereby considered themselves released from their trust, and, by wrong representations and promises made by members of the said Company, their solicitors, agents, and interpreters, acquired without paying any consideration therefore, further interests in other blocks of land, and induced some of the Native owners to appear before a Trust Commissioner and Judges of the Native Land Court at Gisborne to swear before such Commissioner that the whole of the consideration money mentioned in the deeds of the conveyance respectively was duly paid to the Native owners, so as to obtain certificates to the deeds under the Native Lands Frauds Prevention Act; whereas in truth and in

fact the considerations were never paid, but the Company caused cheques - in one instance a cheque for 8,000 [pounds] - to be delivered to such of the Native owners so swearing, and immediately after having such cheques returned to them and destroyed.

6. The said Company with the assistance of the said trustees, have in the manner above set forth obtained titles to our lands, which they have sold, mortgaged, or otherwise encumbered for the purpose of repurchasing, at very large prices, Native lands held by members and directors of the Company, and paying themselves large profits. The said Company have declared a dividend of 8 per cent, out of capital, and paid the same to European shareholders; but your petitioners, the real owners of the land, have got nothing except promises that by-and-by we will receive large sums of money.

7. Your petitioners, judging from the past transactions of the said trustees and of the said Company, have cause to fear that a calamity is not far distant, when all our lands so conveyed as aforesaid will be seized and sold (some has already been sold) by the mortgagees, the said Company wound up, and your petitioners will then become paupers without lands or homes. Several of your petitioners have bravely fought and shed blood during the Native wars in maintaining the supremacy of our beloved Queen Victoria: in return all we seek for is your protection.

8. We do not desire to repudiate anything we have done, but we pray you, your petitioners being now without land or money, to cause such steps to be taken as may compel the persons in whom we placed confidence to render us our just rights, and, if they should fail to do so, that Parliament will pass a law compelling them.

9. The said trustees and the said Company have acquired land estimated by them to worth nearly 500,000 [pounds] from us for nothing, which have been sold or mortgaged to individual members of the Company and others, whose interest will be to sell and buy in all our lands when the Company is unable to redeem the mortgages.

10. Your petitioners have heard that several members of both Houses of Parliament, not fully acquainted with the past transactions of the said trustees and the said Company, have been induced to become shareholders, and made large advances to the said Company under the impression that your petitioners and the other Native owners have been fairly treated in the past, and will support a Bill to extend the limits of operations and general enlargements of the powers of the said Company, which is to be presented to your honourable House to become law.

11. We pray, before you allow such Bill to pass you will be pleased to ascertain the truth of the allegations contained in this petition, by Royal Commission or otherwise, so that you may truly ascertain the manner in which the said trustees and the said Company have acquired our lands: otherwise very grave injustice will be done to your petitioners, who submit that all Bills purporting to deal with Native lands should be introduced by the Government to Parliament.

And your petitioners, as in duty bound, will ever pray.

"Rapata Taita."
[And 151 others.]

APPENDIX 9**The Second Annual General Meeting of the New Zealand Native Land Company (NZNL)****Balance Sheet as at 6 November 1883**

Fixed Assets	<u>Pounds</u>	
Freehold Properties	275902	
Office Furniture	191	
London Agency Shares	745	
Current Assets		
Calls in Arrears	15	
Bill Receivable	9063	
Debtors	<u>797</u>	
	<u>286713</u>	
Liabilities		
Capital		
2,000 five pound promoter's shares	10000	
21,208 one pound shares	21208	
Calls in advance	5	
Profit B/Fwd.	<u>26347</u>	57560
Term Liabilities		
Contracts to Natives	85905	
Mortgages	58284	
Depreciation on Native Reserves	<u>5243</u>	149432
Current Liabilities		
Bills Payable	12832	
BNZ Bank	58051	
Interest Owing	6583	
Expenses and Legal Costs	<u>2255</u>	<u>79721</u>
		<u>286713</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound and some detail summarised]

APPENDIX 9 (continued)**The Second Annual General Meeting of the New Zealand Native Land Company (NZNL)****Profit and Loss Account for year ended 6 November 1883**

Income		<u>Pounds</u>
Profit on Property (estimated)	42952	
Interest & Transfer Fees	<u>1451</u>	<u>44403</u>
 Expenses		
Balance B/Fwd.	2430	
Directors Fees & Charges	780	
Salaries	1575	
Licence Fees	200	
Advertising	210	
London Agency	1188	
Audit Fees	10	
Sundry Expenses	218	
Dividend	1445	
Promoters Shares	10000	
Balance to Capital	<u>26347</u>	<u>44403</u>

APPENDIX 10**The Fourth Annual General Meeting of the New Zealand Native Land Company (NZNL)****Balance Sheet as at 10 November 1885**

Fixed Assets		<u>Pounds</u>
Freehold Properties		266984
Office Furniture		168
London Agency Shares		745
Current Assets		
Calls in Arrears		1736
Bill Receivable		6882
Debtors		<u>1839</u>
		<u>278354</u>
Liabilities		
Capital		
1,610 five pound promoter's shares	8050	
20,178 thirty shilling shares	30267	
390 one pound shares	390	
1,862 twenty-five shilling shares	2327	
Profit B/Fwd.	<u>11977</u>	53011
Term Liabilities		
Contracts to Natives	80456	
Mortgages	53623	
Depreciation on Native Reserves	<u>6640</u>	140719
Current Liabilities		
Bills Payable	848	
BNZ Bank	78908	
Interest Owing	3494	
Expenses and Legal Costs	<u>1374</u>	<u>84624</u>
		<u>278354</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound and some detail summarised]

APPENDIX 11**The Fifth Annual General Meeting of the New Zealand Native Land Company (NZNL)****Balance Sheet as at 10 November 1886**

Fixed Assets		<u>Pounds</u>
Freehold Properties		238420
Current Assets		
Calls in Arrears		<u>117069</u>
		<u>255489</u>
Liabilities		
Capital	55197	
Profit B/Fwd.	<u>2367</u>	57564
Term Liabilities		
Contracts to Natives	61602	
Mortgages	<u>50974</u>	112576
Current Liabilities		
Creditors/Bills Payable	6060	
BNZ Bank	<u>77957</u>	<u>84017</u>
		<u>254157*</u>

[For simplicity and ease of understanding, shillings and pence have been calculated to the nearest pound. *This published balance sheet lacked the detail of previous balance sheets and did not balance, but what was given has been shown (see New Zealand Herald, 11 November 1886)]

APPENDIX 12**C. ALMA BAKER****LIMESTONE DOWNS ESTATE & TE KARAKA ESTATE****COMBINED PROFIT & LOSS ACCOUNT FOR 12 MONTHS ENDING
31st DECEMBER 1935****FARMING ACCOUNT****Income**

	Limestone	Te Karaka	Total
Sheep	2613	1278	3891
Cattle	1627	0555	2182
Horses	34		34
Wool & Skins	2344	1215	3559
Te Karaka	14		14
	<u>6632</u>	<u>3048</u>	<u>9680</u>

Expenditure

Wages	1586	675	2261
Farm Expenses	578	359	937
Fertiliser	481	74	555
House Expenses	298	235	533
Grading	60	30	90
Profit c/d	<u>3629</u>	<u>1674</u>	<u>5303</u>
	<u>6632</u>	<u>3047</u>	<u>9679</u>

PROFIT & LOSS ACCOUNT**Income**

Farming a/c	3630	1674	5304
Timber Royalties	128	122	250
Rates Subsidy	42	12	54
	<u>3800</u>	<u>1808</u>	<u>5608</u>

Expenditure

Rates & Insurance	498	141	639
Interest	2092	1161	3253
General Expenses	144	50	194
Accountancy Fees	275	150	425
Depreciation	164	54	218
Balance c/d	<u>568</u>	<u>251</u>	<u>819</u>
	<u>3800</u>	<u>1808</u>	<u>5608</u>

[For simplicity and ease of understanding shillings and pence have rounded to the nearest pound]

APPENDIX 12 (continued)**C. ALMA BAKER****LIMESTONE DOWNS ESTATE & TE KARAKA ESTATE****COMBINED BALANCE SHEET AS AT 31st DECEMBER 1935**ASSETS

	Limestone	Te Karaka	Total
Land (improved)	63095	27485	90580
Buildings	6733	2550	9283
Plant & Equipment	3363	1045	4408
Sheep 18407 Head	10473	5630	16103
Cattle 1644 Head	5615	1873	7488
Horses 27 Head	296	138	434
Stores on hand	92		92
Debtors	500	118	618
Loan E.B.Baker		2387	2387
Profit & Loss a/c	16990	5375	22365
	<u>107157</u>	<u>46601</u>	<u>153758</u>

LIABILITIES

Capital	60871	6049	66920
Advances C.Alma Baker		15977	15977
Mortgages	19540	7681	27221
Bank Overdraft	25803	16859	42662
Creditors	943	35	978
	<u>107157</u>	<u>46601</u>	<u>153758</u>

[For simplicity and ease of understanding shillings and pence have rounded to the nearest pound]

APPENDIX 13**ERIC B. BAKER'S ESTIMATES - 1927****New Work**

500 acres bushfelling, 2 pounds per acre, 1,000 [pounds]
 2.5 miles new 7 wire fence, 120 [pounds]
 1.5 miles 4 post 4 wire fence, 60 [pounds]
 650 chain 1 wire swamp drain fence, 100 [pounds]
 Post splitting 1500, 60 [pounds]
 Batten splitting 7,000, 30 [pounds]
 Strainers 70, 15 [pounds]
 Girdwood's boundary fence repair, L'Downs share, 90 [pounds]
 Cutting timber for cottage (swamp end) 150 [pounds*]
 Cutting timber for gates 50 [pounds]
 Building cottage, iron nails etc. 130 [pounds]
 Sowing ne chopping 140 acres @ 4/-, 28 [pounds]
 Clearing scrub in paddocks coast side, 500 [pounds]

Requirements

	<u>[Pounds]</u>
Grass seed 140 acres (McGills Chop) 33/-,	231
Grass seed 250 acres (Scrub cut) 33/-,	412
3 tons No 8 wire approx	51
1 ton Barb wire approx	28
5 cwt. Staples approx	9
Rabbit poison	30
Stores	150

Wages

P. Newman 6 [pounds] per week and found
 Kopi Clarke 14/- per day
 A. Patton 45/- per week and found
 Two extra men are required at once:
 1 man 14/- per day (for six Months)
 1 man 50/- per week and found (permanent)

Work of wages men includes:
 Stockwork, Packing, Hauling fence timebr, cottage timber, bridge
 timber, and drinking place timber.

[* Someone, presumably in the accountant's office, has written in the margin: "I will go into this matter next visit about the 9th Feby. I have bought tents for temporary quarters."]

APPENDIX 13 (Continued)**LIMESTONE DOWNS 16th MARCH 1934****ESTIMATED RETURNS 1.1.34 to 31.12.34**

	<u>Pounds</u>
Tuakau lamb sale 1141 sheep	671
Romney Rams culls sold - 10	5
Tuakau sale. Cull ewes & lambs	196
Fat lambs Westfield 80	76
Wethers Westfield 67	73
Wethers & ewes	382
Fat lambs 80	75
Fat lambs 77	77
(N.B. Returns in hand)	
Sundries - cash received	1
1934 Woolclip 63,611 lbs at 1/-	3170
68 fat wethers at 25/-	85
8 P.A. Bulls @ 240/-	96
120 cows @ 100/-	600
Grazing 40 Te Karaka Steers	8
Payment due by W. Allen (timber)	320
Fat lambs 650 @ 16/6	536
120 Steers @ 150/-	900
<u>TOTAL</u>	<u>7284</u>

ESTIMATED EXPENDITURE 1.1.34 to 31.12.34

Wages - Inc ploughing, laying fence lines, repairs to fences and bridges	958
Casual labour - Droving - poisoning	40
Incidentals	10
Shearing, stores & woolpacks	177
Crutching (inc Benzine & oil)	7
Stores for Station	200
Repairs to lorries	60
Repairs to harness etc.	8
Gate hinges, bolts	10
Rabbit poison	33
Sheep Dip (6 cases)	24
Grass seed & sowing	500
Experimental Plot topdressing	30
Topdressing	245
Crushing lime	67
Cartage (inc benzine for own lorries)	170
Road fence approx 1 mile	64
Fencing Nelson's basin	6
Fencing Bush burns approx 2.5 miles	210
Chaff for horses	20
Sowing Rape South side & manure	38
Cleaning drains 1200chs at 1/3	75
Costs of sawing timber by W.Allen	270

APPENDIX 13 (Continued)**LIMESTONE DOWNS 16th MARCH 1934****ESTIMATED EXPENDITURE 1.1.34 to 31.12.34 (Continued)**

	<u>Pounds</u>
Erecting shed at crusher	38
Grass harrow	18
Purchase of sheep:-	
74 Romney Rams @ 105/-	
18 Southdown Rams @ 126/-	
1 Leicester Ram @ 126/-	
1 Corriedale Ram @ 21/-	
10 Corriedale ewes 126/-	581
J.W.Mullen's expenses buying rams	26
Freight etc on rams	25
Rates and insurance	336
Contingencies	<u>200</u>
<u>TOTAL</u>	<u>4447</u>
 RECEIPTS	 7284
EXPENDITURE	<u>4447</u>
SURPLUS	<u>2837</u>

[Errors as in original, shillings and pence omitted]

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