



## Action at a distance: Accounting and the Company of *Grão Pará* and *Maranhão*

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### ABSTRACT

Based on extensive archival research, this paper analyses the role of accounting in managing an 18<sup>th</sup> century multinational Portuguese company. Using the concept of action at a distance, it is demonstrated how accounting was used to manage the Companhia Geral do Grão Pará e Maranhão, established in 1755, whose interconnected activities were conducted in three continents. Considering the constraints of the time, namely the challenge of distance and slow communication, the main picture emerging from archival sources is that this company was a vast machine fuelled by accounting information. The main findings of the paper contribute to previous literature on the constitutive role of accounting and demonstrate its multifaceted nature.

**Keywords:** Accounting history; Management; Action at a distance; 18<sup>th</sup> Century.

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## 1. Introduction

On 7 June 1755 the Company of Grão Pará and Maranhão (hereafter GPM or simply the company) was created and established in Lisbon, under the protection of the Portuguese King. Its main purpose was to help improve the underdeveloped north-eastern Brazil states of Pará and Maranhão, by supplying them with a much-needed workforce. For that, GPM was granted the royal monopoly for 20 years of operating what has become extensively known as the triangular trade. The typical voyage of the company started in Lisbon, with the departure of the company's ships loaded with products to be used to barter for slaves in the Western coast of Africa. The ships loaded with human cargo were then dispatched to Pará and Maranhão, where that cargo would be sold, and the ships reloaded with local products as diverse as cocoa, rice, spirits, raw cotton, cotton cloth, wood, coffee, skins and leather (Pinto & West, 2017a, p. 148). These were then carried to Lisbon, and the products subsequently sold in Portuguese and European markets.

The far reaching and enormous territorial dispersion of the company's activities is visible in its books. These also demonstrate the interconnectedness of the many activities undertaken in each location, far beyond the mere triangular journey. Apart from an understanding of the multidimensional character of GPM's activities, it is the company's human resources and their interaction that is of crucial importance to this study. The multifaceted nature and aims of the company's activities (for detail see Pinto, 2014; Pinto & West, 2017a, 2017b), implied that its management was conducted in Lisbon by a Board elected by its shareholders.

This paper focuses on the management of the company's resources from a distance, highlighting the main challenges and difficulties faced, that were typical of a company operating in three continents, in a complex context, and where communications were limited and slow. Given such territorial dispersion among three continents, it will be demonstrated how the Board in Lisbon used accounting to manage the company's resources and extract the maximum profit from them. By demonstrating the several uses accounting was put to, this paper emphasizes the remarkable versatility of this technology, including how it was used to manage action at a distance.

The paper is structured as follows: Section 2 is devoted to the literature review and theoretical framework underpinning the study. Section 3 presents the research methodology and methods adopted to conduct the study. The paper continues with Section 4 in which it is described the management of resources of the company, namely its overseas administrations, and the system of remuneration and incentives that was put in place to ensure a better alignment of the overseas administrations with the company's main targets. The paper ends with the discussion of the main findings and conclusions in Section 5.

## 2. Literature review and theoretical framework

This section includes the literature review and theoretical framework underpinning this study.

### 2.1 Literature review

There is now a significant repository of knowledge on the activities typically performed by monopoly trading companies in the 17th and 18th centuries. Of the many possibilities available, Carlos and Nicholas (1996) and Micklethwait and Wooldridge (2005) provide a good introduction to this relevant and wide-ranging topic. A quick search online with the keywords “chartered company” provides an extensive list of cases, created by nations as diverse as the Dutch, English, French, German, and Spanish, to name just a few. Indeed, this type of business organisation was typical of most of the empires, including Portugal. The most famous chartered company is perhaps the English East India Company founded in 1600, which was at its peak the largest corporation in the world, competing with the Dutch East India Company. Among its many famous particularities, it even had even had its own armed forces, totalling about 260,000 soldiers, twice the size of the British army (Erikson, 2016; Roos, 2020).

Carlos and Nicholas (1988, p. 398) claimed that “much has been written about late-nineteenth-century multinationals and their relationship to the transnational firms of the present, but both historians and economists have largely discounted the relevance of the earlier chartered trading companies to this discussion”. More recently, however, 18th century chartered companies have been the focus of several studies, due in part to the development of accounting history studies relying on archival sources (Oliveira, 2007, 2008, 2009; Oliveira, 2013; Silva, 2016).

In Portugal, the Pombaline era (1750–1777) led the creation of several chartered companies<sup>1</sup>, which became an instrument to implement State policies. This is in accordance with the seminal study of the Royal African Company by Davies (1957), who asserted that it “was created in order to assume responsibility for an essential link in the imperial economy” (p. 349).

GPM was one of the very first chartered companies, and its accounting system provided a model to be followed by subsequent companies, which further evidences the importance of this case study. While the accounting records of this company have attracted some previous attention from researchers, none of these prior studies have focused on the role of accounting in managing at a distance. Examples of previous studies include Carreira (1982), Dias (1971), Domingues da Silva (2008), Hawthorne (2010) and Rodrigues et al. (2009).

Other Portuguese chartered companies have been the focus of accounting history researchers, namely the Alto Douro Wines Company (hereafter CGAVD) and the Company of Pernambuco and Paraíba (hereafter CPP). Oliveira (2007, 2008, 2009) analysed the accounting system of the CGAVD during the Pombaline period (1756–1777), while Oliveira (2013) added to this, by focusing on the uses given to the accounting system in the period 1756–1826. Carvalho (2011), in turn, analysed the accounting practices used by the CGAVD to measure the different assets and liabilities, namely Port Wine inventories, in the period 1852–1871.

Rodrigues and Sangster (2012, p. 1) analysed the public-private partnership of CPP with the purpose “to enhance understanding of how the Portuguese enlightened despotic regime developed and connected the empire through a corporatist interface with a private company”. Silva (2016), in turn, analysed the liquidation process at CPP, focusing in the period 1780–1813.

In what concerns GPM, the basic study is still the one done by Carreira (1982) which, despite using many accounting records of the company, did not focus on the accounting practices followed by the company, nor their implications. Rodrigues et al. (2009) studied the differences between the proposed and the adopted by-laws of GPM, and demonstrated that what is now recognised as “corporate governance regulations” were already a major concern of those times. Pinto (2014), in turn, investigated the accounting system of the company, with a particular focus in the slave trading activities of GPM (see also Pinto & West, 2017a, 2017b).

Carlos and Nicholas (1988, p. 398) argued “that the trading companies did meet the criteria of the modern multinationals, highlighting the growth of a managerial hierarchy necessitated by a large volume of transactions and of systems to control those managers over space and time”. This seems to be confirmed when one dives into the surviving accounting and related records of these companies, and GPM is no exception. Indeed, Herbert S. Klein in his book *The Middle Passage*, nominated GPM as “the only Portuguese private merchant or company whose records are sufficiently complete and reliable” to assess the profitability of the slave trade (Klein, 1978, p. 46). Previous literature has focused on the important slave trading activities of GPM (see Carreira, 1982; Pinto, 2014; Pinto & West, 2017a, 2017b); however, the main focus of this paper will be the use of accounting to manage the company from a distance.

## 2.2 Theoretical framework

Despite persisting controversies about accounting historiography and methodology (Walker, 2004, p. 10), “there has been growing realisation that historical accounting research must at the same time be firmly grounded in archival evidence and have a clear theoretical perspective to provide a coherent philosophical basis and a rigorous structure” (Napier, 2020, p. 39).

In the introduction to his edited book entitled *Power, Action and Belief*, Law (1986), following more explicitly the work of Foucault, reflected on the “way in which power is exercised via a set of strategies that have the effect of reducing discretion amongst a network of agents... [with] particular concern ... with the methods that actors may use to create passive agents at a distance” (pp. 16/17). Furthermore, as Law (1986, p. 240) stressed, the “whole effort depended, from top to bottom, on the capacity to extract compliance ... it was necessary to keep all ... [the human resources] in line and to make use of their efforts”. Correspondingly, to secure the success of reporting and calculative practices, it is crucial to keep every single agent aligned and compliant, a goal that is to be achieved by a wise combination of discipline and inducements. In the case of GPM, and as will be demonstrated in Section 4, this included the company’s Board in Lisbon, its overseas administrators and staff (clerks, ship captains and crew members, overseers), and just about any agent interacting with the company.

Drawing insights from the work of Foucault, Perks (1993, p. 186) asserted that “power can be most effective in its hidden form, producing effects in such a way that there is no conflict to observe”. He exemplified, by stating that “accountancy... is involved in an attempt to integrate different interests that would otherwise be in conflict with each other” (Perks, 1993, p. 184). Indeed, “accountancy may be one [of] what Foucault calls a grid of technologies which use knowledge to make individuals the object of power, subjecting them to surveillance, categorization, recording, monitoring and control, sometimes on a daily basis” (Perks, 1993, p. 187).

This inexorable upsurge in accounting’s presence and power has, in turn, increased the focus on its features, powers, and possibilities, and more specifically its capacity to determine and influence distant contexts. Unsurprisingly, “the role of accounting in enabling action at a distance has received considerable attention in the accounting literature since the early 1990s” (Preston, 2006, p. 559). Put simply, “action at a distance” deals with the problem of controlling actions and resources that are geographically remote. In the case of GPM, and as will be demonstrated, the dimensions of this challenge were dramatic, because those backing the company and located in Lisbon, had a key challenge in monitoring/governing/controlling the activities of the company given the distant nature of its operations.

Robson (1992) demonstrated how accounting documents have the features of mobility, stability and combinability, which, according to Latour’s work, are the key elements of allowing action at a distance to occur. According to Robson (1992, p. 701), “with the problem of distance there is ... the issue of the media through which it is possible to influence contexts or situations remote from the actor”. His paper suggested “that accounting provides a form of knowledge that may have a greater potential for “power” or action at a distance than many others”, for “bringing together and making

the same, rendering equivalent, things that were previously different allow actors to make calculation in accordance with their desires to act upon remote contexts” (Robson, 1992, p. 701). “By creating what can be seen, so accounting conditions, as well as enables, action” (Robson, 1992, p. 702).

Drawing not only but most notably from insights by Michel Foucault and Bruno Latour, a considerable number of authors have reflected on accounting’s potential to create and manage action at a distance. From a significant number of valuable contributions, the work developed by Peter Miller and Nikolas Rose stands out as much by its pioneer role, as by its usefulness and consequent explicit and implicit use in numerous and diverse studies. One important abridgment of their deductions and main inspirations was provided in Rose (1991, pp. 675/676). First, the link between government and knowledge, “made most clearly by Michel Foucault in his consideration of “governmentality””. Second, the link between government and information, such that “there can be no well-ordered political machinery or enlightened administration ... without a knowledge” facilitated by different numbers which provide “the material on which administrative calculation can operate”. Third, the formation of centres of calculation, “stressed in the work of Bruno Latour”, which collect and accumulate information about distant locales which they seek to govern, aggregating, comparing, compiling and calculating such information in ways deemed adequate for government. Finally, and as a consequence of the preceding themes, the conclusion that “numbers do not merely inscribe a pre-existing reality. They constitute it” (Rose, 1991, p. 676).

The foundational work by Bruno Latour has set the scene for developments in the way accounting technology is regarded and understood. As Peter Miller and Nikolas Rose (among other notable contributors) have convincingly demonstrated and argued, accounting technology is a soft but powerful technology that allows government to be exercised, not only from a distance but also in silent, subtle ways. As demonstrated, accounting technology has the essential features that allow power and control to be exercised from a distance, namely mobility, stability and combinability, which, according to Latour’s work, are the key elements for allowing action at a distance to occur. As Perks (1993, p. 184) suggested, “the assertion of power can be more effective in its unseen forms”.

### 3. Research methodology and methods

This study adopts a research perspective that views the world as being socially constructed. As such, accounting is understood not merely as a technical practice, but as a social and institutional practice (Burchell et al., 1985; Funnell, 1998; Miller, 1994; Potter, 2005). As proposed by Napier (2020, p. 32), this study

falls under the classification of “‘socio-historical accounting research’, where the researcher is primarily concerned with how accounting impacts on specific individuals and organisations”. This study adopts an interpretative paradigm/perspective and an inductive reasoning approach, in order to understand and explain how accounting was used to manage GPM from a distance. Ontologically, it is assumed that reality is subjective and multiple and, therefore, open to interpretations. It is acknowledged that research is value-laden and biases may be present. However, it is the researcher’s responsibility and concern to be aware of and, to the extent possible, minimise such biases, by permanently focusing on reflexivity and rigour and being aware of the researcher’s “own role in interpreting and creating meaning from the data” collected (Parker, 2012, p. 58). As Parker (2012, p. 56) asserted, “qualitative tradition adopts a position that ultimately all research is infused with culture, values, beliefs, stories, language, perception, cognition, ideology and politics”.

This is an explanatory case study, which means that the focus of the research is on the specific case of this company and that “theory is used in order to understand and explain the specifics, rather than to produce generalisations” (Scapens, 2004, p. 260). Such “explanatory case studies ... seek to provide deep and rich understandings of the social nature of accounting practices” (Scapens, 2004, p. 261).

This study uses a combination of primary and secondary sources, but is firmly based on archival research, conducted at five distinct archives, all located in Lisbon, Portugal<sup>ii</sup>. It adopts a broad view of what constitutes the archive for accounting history research (Carnegie & Napier, 1996, 2012), using different documents, produced by different agents, including accounting books such as journals, ledgers, financial statements and auxiliary books, but also legislation issued since the company was created, and voluminous volumes of correspondence exchanged between the company in Lisbon and its agents located in Africa and Brazil.

Of the several archives used, all located in Lisbon, the most important was the main collection comprising a total of 217 books pertaining directly to the company. This collection is located at the *National Archives of Torre do Tombo* (ANTT). To date, these archives have attracted only limited attention from researchers. Also, other collections in this archive (ANTT) provided additional and important primary sources of a background and contextual nature. *The Historical Archive of the Ministry of Public Works, Transport and Communications* (AHMOPTC) holds important legislation, letters and reports that highlight the way the company and the state interacted in the period under study. *The Overseas Historical Archive* (AHU) contains important documents consisting mainly of letters and reports exchanged between local authorities in Brazil and the Portuguese Overseas Council.

These documents proved to be particularly helpful in understanding some of the routines and procedures adopted by the company. *The National Library of Lisbon* holds an important collection from the period, including government documents as well as private manuscripts sourced from various individuals. A significant collection relates to the Marquis of Pombal, Chief Minister of the King and the main architect and implementer of the economic and political policies of the time. The holdings of the *Historical Maritime Archive* yielded information pertaining to aspects and procedures of maritime activity during the period under study.

The richness and extensiveness of the archival resources coupled with their intrinsic character – documents were often produced by different agents in different locations – permitted extensive data triangulation. This was undertaken, wherever possible, in order to strengthen the validity of the conclusions drawn. In this case, data triangulation meant using different archives and different types of documents, as well as a combination of primary and secondary sources. The data triangulation also assisted in avoiding possible biases, by highlighting different views, held by different actors. As Decker (2013, p. 163) suggested:

this is why historians put great emphasis on source triangulation and frequently highlight the need to work with more than one archive, as this facilitates not only the ‘filling of gaps’, but also the identification of bias and silences in sets of records.

Additionally, basing the research on more than one archive “is a way to access duplicate records or multiple points of view” (Decker, 2013, p. 164). Indeed, history “is about the systematic use of sources in the quest for ‘substantiable truth’ ... [and] the results of evidence gathering provides the lifeblood of historical debate” (Walker, 2004, p. 12).

As part of a broader research on GPM (Pinto, 2014), this paper is based on data collected between March 2008 and June 2014. During this period several visits were made to the five above mentioned archives located in Lisbon, each comprising several weeks. Due to the extensiveness of the data available in the main collection at *the National Archives Torre do Tombo* (TT\_GPM), copies of thousands of pages of the 217 books were obtained from the archive services. These were subsequently analysed, to extract the maximum information possible to support the conclusions of the study.

The extensive data triangulation also assisted in eliminating difficulties arising from faults in the surviving records. For example, the lack of most of the books pertaining to the local administrations of Africa, *Pará* and *Maranhão*, was overcome by referring to auxiliary books produced and kept in Lisbon (such as the

books of extracts), a more in-depth and detailed analysis of entries in the central books (such as the accounts of each administration that are to be found in the Lisbon ledgers), and a thorough reading of the letters exchanged between several locations. These methods proved adequate and reliable when similar analyses and triangulations were conducted for the periods when such local books do exist.

Because the company was managed from Lisbon, its accounting records were kept there and survived to this day. Additionally, the main collection available at the archives in Torre do Tombo also includes some books pertaining to the administration of Pará, and these specimens are especially helpful to understand the sophistication of the accounting system, and the information exchanged between Lisbon and the overseas administrations (in this case, Pará). Accordingly, it is visible that the entries in the Pará administration were mirrored in the Lisbon books, thus presenting the Board with an image of the financial situation of each overseas representation. As will be demonstrated in Section 4, this image was crucial not only to have a general picture of the company, but also to allow the management of the company's activities from a distance.

#### **4. The empirical study: Accounting and the management of the Company of Grão Pará e Maranhão**

The nature of the company's activities required that its physical and human resources be disseminated across three continents. Although its basic triangular trade fundamentally depended on the fleets that connected these continents, it would be injudicious to presume that the remainder of the company's activities were trivial. Quite the contrary, much of the intricacies of GPM's undertakings, and of the underlying information/accounting system, can be observed in the activities that were developed in its several locations while ships were coming and going. This section highlights the typical organization of the company as evidenced by the archival sources.

##### **a. The Board in Lisbon**

According to its statutes (National Archives of Torre do Tombo, GPM Collection, hereafter TT\_GPM), GPM was managed from Lisbon and consequently all accounting information and decisions were centralized there. The Board was the supreme governing body of GPM, responsible for its management in its several locations and from every possible angle. The Board's powers were first defined in the 1755 charter, but were then elaborated upon in the 1760 statutes. Such powers included establishing goals for GPM as a whole, and for its several overseas representations, but first and foremost adequately articulating them. Therefore, the list of powers and functions of the Board was extensive, and included hiring the staff allocated to each representation, deciding how and when to send fleets, the number and dimension

of ships, the contents of each cargo, and which operations would be undertaken by the company. In Portugal, apart from assembling and combining the information received on a regular basis from overseas, the Board had also the critical challenge of promoting its connection with the State, namely Pombal, in order to ensure GPM would always be granted the most favourable conditions, under the banner of promoting the state policies and the common good of the nation.

The Superintendent of the Board had special duties of coordination, including selecting and appointing from among the deputies those most able to manage different areas and operations of the company, and controlling their actions and performance accordingly. In particular, he was required to take special care to ensure that the accounting books were kept “updated, using double-entry bookkeeping according to the usual mercantile method and not in any other way, not only recommending it to the Deputy and Inspector but also visiting the said Bookkeeping Department, reprehending the faults of the respective officers” (Conservatória da Companhia Geral do Grão Pará e Maranhão, *Caixa 67, Maço 48*, 1760 Statutes, Chapter 29). Such behaviour, it was emphasized, would make it possible to easily obtain reports and a daily examination and knowledge of the situation of the company.

After the first Board mandate that lasted until 17 June 1760, Boards started being elected annually following prescriptions of the 1755 and 1760 statutes, and there were strict rules of governance to be met in order to prevent abuses (see Rodrigues et al., 2009). However, on 20 April 1776 (Historical Archive of the Ministry of Public Works, Transport and Communications, hereafter AHMOPTC, *Ministério do Reino, Livro da Companhia Geral do Grão Pará e Maranhão, fl. 420*) Article 3 of the 1755 statutes was changed to prescribe that subsequent Boards should serve for three-year terms.

Details on how the company was managed and how its operations were conducted were prescribed in the 1760 statutes. Being managed from Lisbon implied that all decisions affecting the company as a whole, or just one specific overseas administration, were taken by the Board that officiated in twice weekly sessions at its house. In these sessions, presided by the Superintendent, problems were analysed, options were considered, goals were established, and strategic and operational decisions were made. However, mere administrative issues, “proper of clerks, salesclerks and bookkeepers” should not burden the Boards’ attention, time and energy in these meetings (Chapter 10 of the 1760 statutes). Letters from overseas agents were read aloud by the Secretary, so that every Board member would be informed. Decisions were taken based on a majority of votes, and ensuing replies to letters were also read aloud. Chapter 11 of the 1760 statutes defined these procedures and also established penalties for the Secretary for not acting accordingly. The need for confidentiality and discretion about the decisions taken at the Board level, under severe penalties, was highlighted in Chapter 44 of the 1760 statutes.

According to Chapter 13 of the 1760 statutes, the company was divided into four different departments, namely “Navy”, “Warehouse”, “Debts Collection Inspection” and “Bookkeeping Inspection”. Each of these departments had different and complementary roles, defined in considerable detail in the subsequent chapters, including prescriptions on the information that would be permanently gathered and presented to the Board. These included a detailed list of the auxiliary books that each department would have, the way entries would be made, and how the Superintendent and Deputies would control staff members allocated to keep those books. Among the above-mentioned departments, the “Bookkeeping Inspection” (*Inspecção da Contadoria*, Chapter 22) was overseen by an inspector whose duties were carefully emphasized, given the importance of accounting for the good management of GPM.

The web of relations established either between the company’s human resources and external agents or simply within GPM, both in Lisbon and abroad, was intense and complex. Similarly to many present day companies, the Board had to manage its human resources from a distance, a task that was made substantially harder due to the constraints of the times. As mentioned above, limitations, difficulties and slowness in communications meant that the Board had to rely to a considerable extent on the accounting system and the information it was capable of providing. As such, tensions and conflicts were present in the relationships established between the Board and the company’s managers located in Africa and Brazil, and these had to be managed by the Board. Of interest to this study is the role accounting played in the identification, analysis and management of such conflicts, as well as the several different ways it was used to allow the company to achieve its objectives.

A letter of 16 June 1761 (TT\_GPM, Book 97, pp. 58–68) to the *Pará* administrators, Bernardo Simões Pessoa and Marcos Gonçalves de Faria, shows how severely internal complaints were handled by the Board, and how accounting documents were used to better assert its opinion. Among other issues, the letter reported on the reckless behaviour of the administrators who had had the audacity to complain of being sent goods that had not been requested, and that they feared would never be sold. Based on “orders sent to this Board and that are in its bookkeeping department”, it was demonstrated that such goods had actually been ordered in 1759, in fact in higher quantities than the ones that had been sent. Thus, “this forgetfulness on your side persuades us that, either you don’t register [in the books] the orders you send us, or that you make them without the necessary circumspection”.

As can be seen from this example, in which previous documents were used to substantiate the careless behaviour of *Pará* administrators, the Board relied on accounting information received from its overseas representations and that was transcribed into the main books in Lisbon to give a general picture of the full activities of the company. It constantly exhorted its administrators to send regular

and more detailed information, according to the rules and prescriptions it defined. Indeed, even the books used in overseas locations were formatted prior to their expedition from Lisbon, as revealed by a letter of 4 January 1777 to the bookkeeper of the Maranhão administration (TT\_GPM, Book 215, p. 208), and all human resources working in any bookkeeping capacity were selected and appointed by the Board. Details in letters evidence the many uses this accounting information was put to, as will be detailed below.

### **b. Administrators and agents in Africa, Pará and Maranhão**

To ensure the proper management of GPM's operations, administrators were appointed to the several locations where the company operated: Africa, Pará and *Maranhão*. Although these administrators were selected and appointed by the Board, the conditions under which they performed their duties presented similarities but also differences according to their location.

#### **i. Africa**

In Africa administrators were closely connected, and were supposed to work together and help each other, especially the ones located above the Equator – their proximity meant that they had to articulate their actions, and this was especially true in relation to the slave trade. Indeed, while activities in Cape Verde were fundamental to conduct the slave trade in Bissau and Cacheu, these two administrations complemented each other on all the slave trading activities (for detail, see Pinto & West, 2017a).

However closely they worked, administrations were totally independent, as frequently stressed in the letters from the Board. This implied that in each location the administrators were responsible for the resources under their jurisdiction and had to send regular information to Lisbon about them. More importantly, this meant that any transfer of resources between administrations would imply reports exchanged and accounting entries made both at the local level and in the Lisbon books. This was evident both during the monopoly but also when the company closed down its operations. In a letter of 4 December 1779 (TT\_GPM, Book 96, pp. 3-7), the Cacheu administrators were instructed to transfer all items to Bissau where in the future every operation was to be concentrated, but the letter also stressed the need to make detailed lists of the items belonging to each location, “as our intention is to not mix the commerce of Cacheu with the one of Bissau, since up until today we have kept them separated” (TT\_GPM, Book 96, p. 4).

The financial statements of 1759 identified administrators in Angola (Manoel da Costa Pinheiro), Cacheu (Manoel Ferreira de Oliveira) and Cape Verde (Pedro Cardozo), while an administration in Bissau was established only later<sup>iv</sup>. Over the years these administrators were replaced much more frequently than the managers in Brazil, where administrations tended to be much more stable. One of the reasons

explaining this higher volatility in Africa administrations concerned the natural conditions of the territory, which took their toll in human lives. Accordingly, in a letter of 8 May 1762 from Cacheu (transcribed in Carreira, 1982, p. 359), the two administrators, Lourenço José Viana and Pedro Rodrigues Sousa, reported that “the administrator Manuel Pires Querido arrived here on 14 December last year; however, he immediately wished to taste the ground’s flavour, so on 8 January was buried in the main Church of this city, intestate”. Additionally, what letters and other records sometimes suggest is that officiating in Africa was not as attractive as in Brazil, as the opportunities for improvement and even private benefit seemed much scantier. Clearly, there weren’t many businesses that could be conducted in Africa – it consisted basically of Cape Verde fabrics, beeswax, ivory, *orchella* weed and of course slaves, the backbone of the regional trade. For this reason, administrators in Africa were usually given either a fixed salary or more commonly commissions of five to twelve percent. Local salaries were paid with these commissions, but sometimes advance money was given to staff, especially when a new administration was designated. Indeed, on 10 October 1760 (TT\_GPM, Book 98, pp. 17–18) the new administrators, Jozé Ramos da Silva and Lourenço José Viana, were sent to Cacheu to replace the recently deceased administrator Manoel Ferreira de Oliveira. On this occasion the company advanced the sum of 288,000 *reis*, an amount to be deducted from future commissions. The new administrators were sworn to take “two clever clerks, whom in the said location [Cacheu] we will keep in our company and at our table, being our responsibility all related expenses, and to give to each one 200,000 *reis* per year as salary”. The same letter revealed that the administrators were to receive a commission of five percent over any merchandise dispatched from Cacheu to Brazil or Lisbon, from which all expenses for the subsistence of the house and salaries of the clerks were to be taken. The remaining amounts were to be distributed among them, two thirds for the first administrator, Jozé Ramos da Silva, and the remaining one third to the second administrator, Lourenço José Viana. The letter also prescribed measures to be adopted in case of the demise of any of them: if the deceased was the first administrator, the second would assume his duties and the position of second administrator would be given to one of the clerks, “the more able of the two”. Similarly, if the deceased was the second administrator his position was to be occupied by one of the clerks. Importantly, calculations until the date of the demise had to be made, to ensure that the heirs of the deceased would receive their rightful belongings. All transportation had to be provided by the company, either to Cacheu or when returning to Lisbon, at any time when they wished to do so; however, they were not permitted to leave their duties without previous knowledge and consent of the Board, in order to replace the vacant position.

These procedures imply that the number of staff members used by local administrators had a direct impact on the net amount of commissions they would get. It was probably

for this reason that two administrators resented and, on 8 May 1762, complained about the Board's decision to increase the number of administrators and clerks to three - a decision that reflected a desire to increase the volume of commerce in Cacheu. The two administrators claimed:

for this increase this house does not need more than three people: first and second administrators and a clerk, not like the ones that are here, none of which are useful in any way, and especially the first clerk who is lazy [and rude] (letter transcribed in Carreira, 1982, p. 359).

As for the second clerk, and as a result of a local illness, he was mad, rude to locals, stealing whatever he could, consequently unable to remain in service and thus about to be returned to Portugal (letter transcribed in Carreira, 1982, p. 359).

Regarding accounting procedures, the instructions accepted by the two administrators on 26 September 1760 (TT\_GPM, Book 98, p. 18) referred to an obligation to send a formal account of every dispatch made, in duplicate, each sent on different ships, a normal procedure considering the risk of shipwreck. A subsequent letter of 10 October 1760 (TT\_GPM, Book 98, pp. 18–20) revealed that before leaving for Cacheu both administrators were instructed on important matters related to the duties they were to perform, and on the reports and accounts that should be periodically sent to Lisbon. All books, letters and documents should be permanently kept in the house of administration, not leaving it without previous express consent from the Board, on account of the importance that the archives and accounts in Cacheu had for local management. The administrators' priority, the letter stressed, was to receive every asset and account from the previous administrators, settle accounts with them, and send complete reports to Lisbon, to allow all necessary entries in the main books.

Details in the letters revealed praise for the work being undertaken, but also warnings and reprimands, and advice on how operations should be conducted and how information should be provided. The importance of acting according to the company's interest and to seek good relations and collaboration with all local authorities was constantly stressed. On 17 February 1761 (TT\_GPM, Book 98, p. 33) the administrators of Cacheu were also urged to dispatch the *Curveta Nossa Senhora das Necessidades* to Maranhão as quickly as possible, due to the existence of local products waiting to be shipped to Lisbon, which highlights the pressure exerted on overseas administrators so as not to compromise the good performance of other locations. Similarly, administrators in Brazil were frequently informed by the Board of the serious efforts being undertaken in Africa to dispatch enough slaves through the Atlantic (TT\_GPM, Book 97, p. 2) and likewise urged to avoid any delays in dispatching ships to Lisbon, to allow their ready use (TT\_GPM, Book 215, p. 13).

Unacceptable behaviour by local agents could lead to their suspension or dismissal. In one such example, on 12 November 1766 (TT\_GPM, Book 98, pp. 217–219) the administrators of Bissau, Bonifacio José Lamas and José da Costa, were dismissed on the following grounds:

Being this Board fully informed of the dissension in which that administration is in regards to the people connected with the interests of this company, the disturbances with which its good economy is perturbed, and the few zeal resulting of your neglect, and predicting that of this disorder can only result dire consequences preceding irreparable losses, before increasing this damage the Board decided to suspend you from your duties, replacing you with new administrators that on this occasion are travelling to that location ...

Carreira (1982, pp. 56–68) discussed the actions of local agents in Africa benefitting their personal interest, some of which were certainly known to the Board, which, to some extent, connived or at least tolerated such behaviour, provided it was not too visible and did not damage the company's interests. He even stated that such behaviour was one of the main reasons for the volatility of administrations in Africa. No matter how plausible these claims may seem, considering all the intricacies characteristic of the operations undertaken locally, the truth is that some of them cannot be proved with the archival sources available today.

## **ii. *Pará and Maranhão***

A lot of the financial success of the company depended on the know-how, skill and performance of local administrators in Pará and Maranhão, as the third leg of the triangular voyage was, beyond any doubt, the most profitable<sup>v</sup>. On these locations, administrations were much more stable than in Africa, and a team of administrators could be in service for considerably long periods<sup>vi</sup>. Correspondence evidenced that these administrators enjoyed a considerable degree of independence, which reinforced the need to select adequate administrators and to monitor them conveniently and effectively.

Despite the comparatively high salaries and extra amounts “for their outlay”, other accounts suggest that administrators would use further funds of the company, although the absence of more local journals and ledgers prevents knowing the details of such transactions. For instance, the list of debtors in Pará on 15 November 1775 reveals that on this date Gonçalo Pereira Viana, the deceased administrator, personally owed a total of 4,293,329 reis (TT\_GPM, Book 173, p. 10). Notwithstanding the subsequent payments made by his widow, the sum of 3,518,004 reis was still unsettled on 10 September 1780 (TT\_GPM, Book 174, p. 261). Ledgers in Lisbon included specific accounts relating to these personal debts,

some of which would be created or at least increasingly enlarged once the mandate of a given administrator was finished, sometimes even correcting previous compensations.

Recommendations on information to be sent to Lisbon were also frequent, including the need to send more detailed information on the sales (TT\_GPM, Book 97, p. 18), detailed annual information on existing debts (TT\_GPM, Book 97, p. 6) and hoping that “the settlement of accounts with the previous administration is concluded and that you send us that very important information with the utmost brevity” (TT\_GPM, Book 97, p. 18). Whenever needed, letters also referred to small mistakes found in sums that should be corrected, so that books in Lisbon and overseas would match.

Certain remarks and instructions in letters from the Board seem to indicate that the Pará administration was more efficient than the one in Maranhão. For example, on 22 April 1770 (TT\_GPM, Book 215, p. 1) in a letter to the Maranhão administrators, Joaquim Barboza de Almeida and José Vieira da Silva, the Board acknowledged the receipt of accounts concerning the year 1769, in accordance with customary instructions that should continue to be followed. However,

we cannot but feel the little effect that our strongest recommendations have produced, by which we pretend the reduction of the exorbitant amount that the inhabitants of that city are owing, for when we expected that it was smaller than the ones of preceding years, as happens in the administration of Pará, on the contrary, we see it increased, being much higher the total debts in that administration than in Pará; and none of the reasons you ponder are sufficient to content us, for growing with such strength the idleness of capital of the Company makes it impossible for us to have the means to keep its commerce running, lacking the ready satisfaction of its credit.

The letter proceeded referring to a previous letter of the said administrators of 10 September 1769:

Here you again repeat the same frivolous fundamentals with which you intend to justify the increase of the debts, by being proportional the relation between the entries of merchandise and slaves to the income of the country [State of Maranhão]; however, to this we reply that the said entries are determined by your requests and the corresponding sales should be made according to our instructions, for by selling on cash or on credit only to people of entire credit and ready satisfaction, and by no means to whom does not pay the amounts in arrears or greatly

diminishes the longstanding debt, and again trusting them, by this means the Company can easily see its debts resolved.

The letter also added:

We again warn of the inferiority of the cocoa that you keep sending us which is unworthy of any price, besides being more expensive than the one coming from Pará, and it is not fair that we pay more than what it's worth in *Pará*.

If these comments are insufficient to allow conclusions on the better performance of the *Pará* administrations, they at least allow some inferences as to how the Board in Lisbon used the power of comparison between administrations, through accounting information. The *Pará* administration, if not viewed as a model, was at least used as a reference, in order to achieve better performance in *Maranhão*.

This subsection analysed the relationships between the Board and the overseas administrations, highlighting tensions and conflicts that prevailed, and measures put in place to overcome any damaging consequences for the company's interests, coupled with its reputation as an arm of the State. In this endeavour, accounting was instrumental in the identification, analysis and management of such conflicts: accounting information was widely used for managing the actions of overseas agents interacting with GPM, providing the basis for comparisons, admonitions, but also incentives. As will be seen in next section, incentives were multifaceted, adapted according to the circumstances, and essentially designed to extract compliance from every agent.

### **c. System of remuneration and incentives**

The system of remuneration and incentives that prevailed in the company was regulated primarily in the 1755 statutes. According to Article 25 the Board members did not receive a specific salary; instead, their “sole remuneration” was a six percent commission resulting from GPM's transactions at different stages: two percent over the acquisition cost of goods dispatched and expenses of the fleets set up in Lisbon, two percent over the sales made in Pará and Maranhão, and two percent over the sales in Lisbon of products imported from those states and related expenses. These commissions would be managed by the Board and primarily used for payment of expenses, the details of which become clear when analysing the accounts available in ledgers over the years.

A list of the “ordinary expenses of the Board” is available in financial statements (except for years 1775–1778). According to the description available in those reports, the salaries included all staff supporting the Board, the Judge, the

Fiscal Procurator, as well as human resources in Pará and Maranhão, namely administrators and their staff. Other expenses included, apart from mundane administrative items (ink, paper, books and candles) and masses, rents paid for warehouses and other facilities as well as several repairs done on such premises, both in Portugal and Brazil.

Apart from the purpose mentioned in Article 25—“to eliminate any suspicion of fraud”—the commissions obtained from the “mercantile circuit” of the company were viewed as a direct result of the decisions taken and implemented by the Board and to some extent a measure of their success, thus an incentive to act according to the best of its members’ ability in favour of the company. For this reason, after all these expenses had been paid, the Board was free to decide what to do with the remaining amounts, which meant that any decision related to the dimension and composition of its staff in Lisbon or *Pará* and *Maranhão* would have a direct impact on the amount of commissions available for distribution among its members.

Analysis of several accounts in ledgers evidence increasing amounts of commissions, as well as the total each member received, after all salaries and other expenses had been paid. Although commissions were substantially and continually increased over the years, the Board requested on 23 August 1768 (AHMOPTC, fls. 183–184) that the two bookkeepers, the registry officer and the debt collector should instead be paid directly from funds belonging to the company, considering that their duties were performed in the common interest of the company as a whole, not just for the particular benefit of the Board. The request was also grounded on the fact that this was already an established practice in the *Company of Pernambuco and Paraíba*.

The first payment of salaries in Lisbon amounted to 946,666 *reis*, a sum taken from the commissions of 1755 and 1756, and registered on 21 December 1757 (TT\_GPM, Book 23, p. 4) referring to “salaries that in these two years we paid to the bookkeeper and clerks”. Further, on 20 May 1759 this same account was debited by 466,665 *reis* referring to the “salaries of the Maranhão administrators from 15 September until 31 December 1756”. On 2 January 1761 a total of 576,076 *reis* was paid (TT\_GPM, Book 2, p. 744) due to “salaries of the bookkeepers and clerks of the company from 1 October 1760 until 31 December 1760”.

On the contrary, and as mentioned above, agents in Africa had a different scheme of payments and incentives. These were still defined by the Board but the due amounts would come directly from the company’s funds. Since the books pertaining to the administrations in Africa did not survive it is not possible to view, either in the financial statements or in the several journals and ledgers kept in Lisbon, the entries and amounts for such payments. Rather, they come from correspondence exchanged with Lisbon as well as details on the cargo books. Relating specifically to the slave

trade, the acquisition cost of a cargo would normally include commissions that were payable either to the ship captains (in the case of “boat trade”) or to the agents of the company in Africa (in the “fort trade”). For many of the cargos the commission is only revealed by its percentage and corresponding value, but in some cases the beneficiaries of such commissions are also stated. The first such instance appears in Cargo 19 of 22 June 1763 (TT\_GPM, Book 47, p. 19) from Cacheu to *Maranhão*, which includes 1,684,080 *reis* of “Commission for the first and second administrators and the first and third salesclerks of 9%”. Several similar instances appear for this and subsequent cargo books, with the percentage and the beneficiaries of the commission varying (for more detail see Pinto & West, 2017a). However, the administrators in Africa could instead receive a fixed salary; João Antonio Pereira was appointed on 10 January 1769 (TT\_GPM, Book 89, p. 29) as second administrator of Bissau, with the annual salary of 1,200,000 *reis*, counted since the day of his departure from Lisbon.

On 14 July 1767 GPM issued a public announcement of its intention to hire several staff members for diverse locations (TT\_GPM, Book 92, p. 1). The edicts included the annual salaries to be paid and specified that every potential candidate for the positions of bookkeeper or clerk had to be a graduate from the School of Commerce<sup>vii</sup>. Table 1 summarises the information included in this edict.

**Table 1.** Edict for Hiring Several New Employees, 14 July 1767 (in *reis*)

Position	Location	Individual Annual Fixed Salary	Variable Income
2 Clerks for the Board	Lisbon	100,000	
1 Bookkeeper	<i>Pará</i>	600,000	
1 Clerk	<i>Pará</i>	300,000	
2 Administrators	Bissau	1,200,000	
1 Second Salesclerk	Cape Verde		2% commission (potentially 800,000 <i>reis</i> per year)
1 Second Salesclerk	Cape Verde		1% commission (potentially 400,000 <i>reis</i> per year)
1 Salesclerk	Bissau	240,000	

Source: TT\_GPM, Book 92, p. 1

In the case of an income of a variable nature, such as the salesclerks for Cape Verde, the company defined the commission as a percentage over local dispatches and revealed the potential annual amount that such commissions could bring for each salesclerk. This reveals, for example, that for the potential commission of 800,000 *reis* per year to be achieved by the first “second salesclerk” in Cape Verde, local dispatches had to reach 40,000,000 *reis*.

On 4 October 1770 another edict was published (TT\_GPM, Book 92, p. 6), this time seeking one administrator for Cape Verde and two clerks for *Pará*. Although this

time the proposed salaries were not mentioned, the edict stressed once again that the two clerks had to be graduates from the School of Commerce and be qualified in the profession according to the recently published law of 30 August 1770<sup>viii</sup>. The law expressly aimed at balancing the supply and demand of these professionals, establishing salaries of 72,000 *reis* for their first year as salesclerks, and for the second and third years 96,000 *reis* and 120,000 *reis*, respectively. According to custom, they also had to be given free accommodation and food ("casa, cama e mesa"). After those three first years, these professionals were free to adjust their remuneration with the entity hiring them. It is likely that the absence of potential salaries on offer in this GPM edict of 1770 reflected the need to evaluate the profile, skills and experience of all candidates before a salary could be defined.

Despite the edict published in 1767 demonstrating that GPM was perhaps ready to pay higher salaries to obtain good professionals, at least for the overseas representations, finding adequate professionals or even anyone interested in leaving for Pará or Maranhão seems to have been at times a difficult task, as revealed by the correspondence. On 6 April 1761 (TT\_GPM, Book 97, p. 40) the Board informed the Pará administrators: "we are making all efforts to obtain a good bookkeeper, hoping to find a suitable one as we wish, so that with his arrival you can be more relieved". However, on 10 June 1761 (TT\_GPM, Book 97, p. 59) the Board added:

we have been making every possible effort to send you the bookkeeper you requested, summoning candidates by public edicts; and finding not even one Portuguese bookkeeper, we are now even considering sending a foreign one; however not even this has appeared until the present moment, and for this reason we are not sending him. You must endeavour to supplement the absence that you claim to have of someone to make the entries in the books of the company and make the maps that you should present to the General [Governor] of the goods you sell and of the ones you keep in stock in the company's warehouses, by hiring some fellow and using him as long as the bookkeeper does not arrive, who is being searched for, and if he appears he will travel on the next occasion.

Each of the two independent administrations of *Pará* and *Maranhão* had two administrators, who received a fixed salary; additionally, certain amounts for general expenses seem to have been periodically given to them and at times a special gratification rewarding special services or good performance. In the journal of *Pará* payments in cash reveal regular sums given to both administrators, usually just mentioning "for their outlay", although on 22 June 1776 each of them received amounts to be used for tailoring services (TT\_GPM, Book 173, p. 112). For the year

1776 alone, this kind of payment to these two administrators totalled 892,850 reis, whereas during the same year salaries paid to seven other staff members amounted to 994,000 *reis* (see TT\_GPM, Book 173). It was expected that all these amounts would be recovered by commissions generated from dispatches from Brazil; if not, certain measures had to be adopted. Indeed, the *Maranhão* administrator José Vieira da Silva was reminded on 20 April 1770 (TT\_GPM, Book 215, p. 10) of the Board's previous generosity to him:

having gone to that administration with the annual salary of 800,000 reis, and intending the Board to increase the commissions, and seeing that these did not correspond to the said salary, decided to assimilate the loss of the reduction, and attributing you the double of the said salary in 1766 with no previous request from you, remembering then to reward your zeal.

This section has analysed the financial incentives given by GPM to its human resources, as well as other agents interacting with the company. As demonstrated, these incentives were designed to increase the alignment of these agents' actions with the interests of the company, and as such were different according to each recipient's functions, location and even personal characteristics. Although designed to extract compliance from the human resources, managing their diverse aims and possible agency issues, GPM's actions were in nature characterised by multilevel tensions and conflicts. The next subsection will elaborate further on the main internal tensions involving the company, and the way accounting was used to manage such conflicts.

#### **d. Accounting and the management of resources from a distance**

Previous subsections have analysed the company's organisation in the three continents that its actions connected. As seen, the challenge of distance coupled with communication restrictions characteristic of the time, and the typical challenges of the activities undertaken, motivated the indispensability of an information system capable of overcoming such limitations. Accounting was to be such an information system.

Accordingly, accounting records demonstrate the many purposes accounting served on the several locations where GPM operated. Details on correspondence, and especially analysis of the surviving books pertaining to the administration of Pará, confirm that at the local level accounting served essentially three different purposes, each of which was vital to the life of GPM: control of accounts with third parties, especially debtors, and generally of every asset under the jurisdiction of each administration; periodical detailed financial reporting to Lisbon, according to permanent requests of the Board; and calculations to allow monetary values to be

ascribed to the different businesses GPM conducted. Although only a very limited number of local books are included in the main archival collection available at National Archives of Torre do Tombo in Lisbon (TT\_GPM), they are enlightening witnesses of the system's sophistication.

Records were also instrumental in the act of shifting administrations, a complex task implying extra hours of work to verify and settle accounts with the outgoing administrators, produce several different reports to be sent to Lisbon, so that the accounts of the ceasing administration could be closed and the accounts of the new one could be started on a fresh basis, with no errors. The qualities with which this task should be performed, as well as the subsequent behaviour of administrators, were emphasized—these included good order, and prudence. The Board in Lisbon felt that this was a good time to reassert what was expected from local administrators, and reaffirm or redefine accounting and reporting procedures. Qualities such as experience, accumulated knowledge, intelligence, zeal and loyalty previously shown in service of the company were instrumental in appointing a new administrator or promoting an already existing second administrator to first administrator. Likewise, bookkeepers and clerks were occasionally given financial incentives or even a promotion, if additional commitment was necessary and expected of them.

In Lisbon, accounting records served additional purposes: the information received from abroad was compiled, consolidated and transcribed into the main books, joining the entries on operations involving Portuguese and other European agents, allowing a full picture of the economic and financial situation of GPM. This full picture was visible in the annual financial statements, which were primarily used to allow distribution of dividends to shareholders; but they were also used to transfer administration to the subsequent Board and for reporting purposes before the State, as there was an identical book kept at the Ministry of Kingdom into which these financial statements were copied annually. This duty of report to the State shows how close at hand Pombal wished to have GPM, in order to align its actions and performance with the responsibilities it was entrusted with, in the context of the State's policies.

From the Board's perspective, the information received from abroad was also the main basis for operational and strategic decisions, to allow control and management of physical and human resources from a distance, and to generate action consistent with the company's objectives. Achieving these was dependent on the Board's skill to articulate the profit aims of a private business with the duties of an arm of the State – a true Public Private Partnership. Accounting records and underpinning documents and reports were widely used as proof on the broadest possible situations.

The archival sources uncovered in this study highlight how GPM's accounting system was created and managed to allow action at a distance. From the outset, a successful implementation of the State's policies needed a dense web of aligned agents, acting for the benefit of the metropolis, not the colonies. Thus, despite the initial plan elaborated by Mendonça Furtado, placing the initiative of the enterprise with the inhabitants of Pará and Maranhão, the final version of the statutes confirmed the company's headquarters would be in Lisbon (Rodrigues et al., 2009, p. 419). This was not an accident: it was a deliberate decision by Pombal, who needed to have the centre of decision close at hand if his policies were to be successfully implemented. Thus, from the outset Lisbon was the centre and every other location where GPM operated acted as a periphery. The usefulness of accounting information for knowledge and management was shared by GPM's Board and Pombal, who demanded GPM to provide information on its activities, to ensure their alignment with State policies<sup>ix</sup>.

To ensure a permanent collection of useful information from the peripheries, GPM's accounting system was standardized: while books used in overseas locations were formatted prior to their expedition from Lisbon, strict rules for keeping those books in good order were permanently emphasized, and information was constantly circulating to ensure the data contained in each location's accounting records matched the information available in Lisbon. Further, agents acting in any bookkeeping capacity were not only selected and appointed by the Board, but had to be graduates from the School of Commerce. The representation of each periphery in the Lisbon books allowed its visibility and management from a distance. Further, the accumulation of this mobile and stable information, allowed its combination by the Board, facilitating performance comparisons between different locations<sup>x</sup>. This allowed setting standards, defining corrective measures based on objective data, and combining admonitions with inducements to increase compliance from the company's human resources.

The success of GPM's activities relied on enlisting a web of agents, placed at different levels and locations, to whom "proper training" was given. They were instructed on rules and procedures before departing to Africa or Brazil and were constantly monitored and advised on how to act, aligning GPM's interests with its duties as an arm of the State. While aligning every agent seems to have been at times a difficult task, because of their naturally contradictory aims, admonitions were constant, and financial benefits were designed to extract compliance.

In essence, action at a distance was made possible by accounting information which, far from being constrained by distance, seems to have taken advantage of it. Imposing harsh measures on peripheries, designed to empower the centre,

was made possible by a conveniently structured accounting system, and the active collaboration of a web of agents continually aligned with GPM's objectives and State policies.

## 5. Conclusion

This paper has focused on the accounting information and techniques used to manage the resources of the company from a distance. It has been shown that accounting was the information system designed and used to overcome difficulties resulting from the challenge of distance and slow communication. As demonstrated, GPM's Board relied to a considerable extent on accounting to manage the company's physical and human resources and extract the maximum profit from them. Further, not only was accounting the mechanism used by both GPM and the State to overcome the difficulties imposed by distance, it in fact allowed effective benefits from such a distance. As asserted by Davie (2005, p. 77), "the power of accounting resided in its ability to simultaneously serve multiple interests".

The findings of this paper reveal much about the power of accounting: only a very powerful and versatile technology could have been effectively used in so many different ways and achieving so many different purposes. The main picture emerging from archival sources is that for all purposes GPM was a vast machine fuelled by accounting information.

The main findings of this paper contribute to previous literature on the constitutive role of accounting, and demonstrate its multifaceted nature. The study also contributes to theory by exemplifying and demonstrating how accounting was effectively used to manage action at a distance. As a result, although focused on a single case study – GPM – the theoretical underpinnings of this research may be able to be applied to other settings.

The study also contributes to uncovering in detail a collection of archival sources that to date have remained relatively unexplored, and reveals how they can be used to further understanding accounting and its implications. Indeed, despite the extensive use of archival data to support the findings, the potential of these archival sources is far from exhausted with this study.

Future research could be conducted in other (previous or subsequent, national or international) chartered companies, to assess possible similarities and differences in the usage of accounting. Exploring existing accounting books and supporting documentation of this company in African and Brazilian archives and libraries may complement the conclusions drawn from this study. In particular, they may

provide new and interesting perspectives from the angle of these peripheries, in comparison to those drawn from the centre (Lisbon). Another possibility is extending this research by focusing on the period after 1778, when the monopoly rights of GPM were not renewed, and as such the company started a very long and difficult liquidation process, which would only finish in 1914. Indeed, apart from the entries and records in the accounting books in Lisbon made after 1778 (although the monopoly rights of the company ended in 1778, it continued to trade on a reduced basis at least until 1788), at ANTT there is a vast collection comprising 201 folders of loose documentation that was held and produced mostly during the liquidation period of the company, from 1778 to 1914 (CGPM\_JLF). While many historians have already shown how rich and troubled those times (1778-1914) were for Portugal, these unexplored primary sources of GPM could contribute to a better understanding of important events, and accountings' role in them. This may provide additional understandings of their determinants and of the way accounting both influences and is influenced by the contexts in which it operates.

## Endnotes

<sup>i</sup> Other Pombaline companies included: Company for Trade with Asia (1753); Company for Whale Fishing in Brazil (1756); Company of Agriculture and Vines of Alto Douro, best known as Alto Douro Wines Company (1756); Pernambuco and Paraíba General Trading Company (1759); and Company of Tuna-Fish and Sardines in Algarve (1772).

<sup>ii</sup> A list of the archival sources is provided in the references.

<sup>iii</sup> Although these specific statutes were prepared only on 18 January 1760, coinciding with the beginning of the mandate of the second GPM Board, their introductory paragraphs evidenced that the contents corresponded to practices that had been developed and applied during the first Board mandate.

<sup>iv</sup> Although cargos to Bissau were mentioned already in 1757 (TT\_GPM, Book 78, p. 4), until 1766 the existing merchandise in Bissau was said to be in possession of ship captains, unlike existing merchandise in other African locations. For the first time, assets of 1766 comprised a total of 73,722,838 reis of “merchandise in possession of the administrators of Bissau” including items for the construction of the fortress (TT\_GPM, Book 78, p. 71). Additionally, details on slave cargos evidence that slaves were acquired directly by captains, not administrators (boat trade). Confirming this, a letter of 15 October 1765 (TT\_GPM, Book 98, pp. 149–152) appointed Bonifacio José Lamas and José da Costa as administrators with the special duty of establishing for the first time the house of administration in the port of Bissau and to initiate the construction of a fortress, as determined by the King. This fortress was concluded on 10 October 1774 (TT\_GPM, Book 87, p. 80).

<sup>v</sup> This is demonstrated by the numbers inscribed in the financial statements of GPM (TT\_GPM, books 77–80), as well as many entries relating to commissions paid to the Board members (see for example TT\_GPM, Book 21, pp. 80–82, 84, 87, 93, 146, 233). Details of the nature and significance of the profitable operations conducted in the third leg of the voyage can also be confirmed in a representation addressed to Queen Maria I in 1777, signed by 48 “loyal subjects”, asking for the monopoly rights of GPM not to be renewed (document transcribed in Carreira, 1982, pp. 330–345). Further, in his study of the Royal African Company, Davies (1957) concludes that one of the main reasons why this English chartered company could never operate profitably was the fact that it did not have any monopoly rights on the third leg of its voyages, that is, from America to England.

<sup>vi</sup> For example, Joaquim Barboza de Almeida and José Vieira da Silva were appointed as administrators of *Maranhão* on 22 June 1760 (TT\_GPM, Book 89, p. 16). After requesting his dismissal for health issues, Joaquim Barboza de Almeida was permitted on 20 April 1770 to finish his tenure and return to Lisbon (TT\_GPM, Book 215, pp. 6, 11) for, as the Board stressed, “it is never our intention to force any person to be in service of the company”. On this occasion José Vieira da Silva was promoted to first administrator, and started his tenure with Bonifacio José Lamas.

<sup>vii</sup> The School of Commerce (Aula do Comercio) was established in Lisbon in 1759 and “it is claimed to be the world’s first government-sponsored school to specialise in the teaching of commerce, including accounting” (Rodrigues et al., 2004, p. 53; see also Rodrigues et al., 2007).

<sup>viii</sup> This law made it compulsory for all book-keepers, clerks and other “practitioners” to be registered with the Board of Trade, otherwise not only could they not be admitted to public service, but also the accounts they would produce would not be legally valid. The law also forbade public and private companies hiring book-keepers, clerks and “other practitioners” who were not legally registered and were not graduates from the School of Commerce.

<sup>ix</sup> The appreciation Pombal had for accounting, especially double-entry bookkeeping, was a known fact, stated in most of his writings. He relied on this information not only for stately issues but also in his personal dealings (Gomes, 2007, p. 111; Ratton, 1813, p. 140).

<sup>x</sup> While each administration had the duty of collaborating with neighbouring administrators, each location was independent and exchanges of resources between them had to be reported to Lisbon. This increased the centre’s power to manage at a distance: the accumulation and juxtaposition of information on peripheries allowed comparisons because while the centre saw them all, each periphery only had information on itself.

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