

# Criticisms of capitalism, budgeting and the double enrolment: Budgetary control rhetoric and social reform in France in the 1930s and 1950s

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## Abstract

This article is a contribution to the study of the spread of management innovations, methods and rhetorics. It particularly concerns the influence of ideological and political factors, which have so far mostly escaped in-depth study. In particular, we seek to understand to what extent a critique of society developed by social reformers can be a source of inspiration for managers, leading them to change their practices and experiment with new devices. Relying on the framework of historical change in management practices developed by Boltanski and Chiapello [Boltanski, L., & Chiapello, E. (2005). *The new spirit of capitalism*. London: Verso (Translation of *Le nouvel esprit du capitalisme*, Paris: Gallimard, 1999)], we study the specific development of budgetary control in France, examined in the light of the general political and economic history of the 20th century. This framework simultaneously encompasses the dissemination of a new accounting practice, the transformation of capitalist institutions and modes of regulation in a given period and country, and the *programmatic discourses* [Miller, P., & Rose, N. (1990). *Governing economic life. Economy and Society*, 19(1), 1–31] associated with the historical move.

More exactly, what interests us is a double enrolment process. The business world promoters of budgetary control use the rhetorics of social reformers to present budgetary control as a solution to the economic and social problems of their time; conversely, social reformers promote budgetary control as a realistic, efficient tool that can change the world. Ultimately, a degree of alliance is possible around this management tool, although the extent to which the meanings each group attributes to its action are shared may remain unclear. Based on an analysis of the writings of budgetary control promoters of the 1930s and the 1950s, we show the close links between their discourse and the reforming ideas of their time, and how we can trace through this corpus the evolution of this kind of *political rationalities* [Miller, P., & Rose, N. (1990). *Governing economic life. Economy and Society*, 19(1), 1–31] associated with governing and managing corporations we call *the spirit of capitalism* [Boltanski, L., & Chiapello, E. (2005). *The new spirit of capitalism*. London: Verso (Translation of *Le nouvel esprit du capitalisme*, Paris: Gallimard, 1999)].

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Accounting change and accounting innovation have become major themes for accounting research in recent years (Bjørnenak, 1997; Burns & Scapens, 2000; Chua, 1995; Jones & Dugdale,

2002). Sociologically based research in management accounting using Foucauldian, Latourian or New Institutionalism approaches has been widely referred to in accounts of these changes (Baxter & Chua, 2003). We adopt a sociological perspective in this paper, studying the double enrolment of social reformers' rhetorics and accounting innovations. Our work aims to answer three fundamental research questions: Where do management innovation and management rhetorics come from? How is it that certain rhetorics spread at certain times? How can we explain the changes over time in management discourses? This article proposes a theoretical framework and tests it against some parts of the history of budgetary control.

The originality of our approach lies in the emphasis placed on the role of social reformers and the dynamics of capitalism. We argue that capitalism may in certain circumstances, incorporate the critiques of the social reformers in order to regenerate. We use the term *social reformers* for actors in society who, upon encountering economic or social phenomena they deem regrettable or maybe even highly dangerous, simultaneously produce a critique of society, a diagnosis of the risks it is running, and proposals for reforms, regardless of whether these reforms are considered realistic or utopian. The reformers who become influential and whose opinions are listened to are rarely lone crusaders; generally they are part of a social movement, attend meetings of clubs or societies, organise conferences and courses to popularise their ideas, and have followers and propagators. A characteristic feature of such reformers – who can be seen as conveyors of *political rationalities* and *programmes* and as promoters of specific *technologies* (Rose & Miller, 1992) – in this case budgetary control – is that they are not necessarily in a position of power at the beginning of the reform process. Often critical of the dominant groups and public policies of their time, they tend to position themselves as forces for opposition and/or proposals. But their ideas may be adopted by businesses or states, usually in order to overcome a difficult crisis. Their rhetoric thus finds itself transported to the very heart of the system against which it was produced, and their proposals put into practice. Their reflection gives birth to ideas for new devices, and brings about invention of new management practices or tools which *avant-garde managers* then experiment with. In this process of incorporation of criticism into the capitalist organisation, some members of the reforming social move-

ments may gain access to positions of power, but ideas spread far beyond the actual actions of these social reformers, as the reforming proposals are also taken on board by *avant-garde managers* who are followed by a wide range of people.

We argue that the dynamic process of capitalism's incorporation of a critique is brought into operation by business managers who decide to change their practices based on the criticisms received and any associated recommendations, or political leaders who use the law or various specially created or reformed institutions to change the regulations governing business practices. The first steps taken by companies when incorporating a critique are typically taken by *avant-garde managers* who are interested in the ideas tossed around in reforming circles and may even themselves be part of those circles. It is often these managers' experiences that are later recounted, presented as examples, debated and imitated when the diffusion process is set in motion. This process will ultimately result in a morphological transformation of capitalism, enabling it to continue while simultaneously self-regenerating.

Such links between technologies and programmes have already been highlighted in research by Miller and O'Leary (1987, 1989, 1994), Miller and Rose (1990), Miller (1990) and Rose and Miller (1992). We add to this existing work a reflective analysis of the origins of political rationalities and programmes of government, and the way in which they are constructed. We aim to show that some of these ideas, which subsequently became very widespread, originated in the currents of criticisms of capitalism.. The case of budgetary control itself has never before been studied from this angle. Our article is based on an analysis of the discourses promoting budgetary control in France from the 1930s to the 1950s, based on two corpuses of texts. We concentrate on the ideas that surrounded declarations made about budgetary control, putting it into perspective in relation to economic and social problems at a national level, or considering it in relation to moral imperatives for the transformation of society. These discussions provide an insight into the ideological environment of the promoters of budgetary control.

From the late 1920s to the 1960s a group of accounting techniques developed in France, based on a complex of practices rooted in scientific management. Budgetary control is one of its tools, and developed alongside standard costing. "Budgetary control" presupposes: (1) the existence of a "budget", i.e. a set of forecast figures expressed in accounting

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