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From moral evaluation to rationalization: accounting and the shifting technologies of credit

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Abstract

The purpose of this essay is to stimulate an examination of the nature of consumer credit and accounting's role in its techniques of operation. The site of this examination is the US department store of the 1920/1930s. Our study, informed by Foucauldian concepts of disciplinary power and governmentality, reveals that a new mode of record keeping played a decisive role in the creation of an alternative to local knowledge in the granting of credit. This manifested itself in new accounting techniques, particularly, the analysis of age-based accounts receivable. © 2002 Elsevier Science Ltd. All rights reserved.

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1. Introduction

Scholars of accounting and the social have, historically, tended to focus upon the individual as producer rather than as consumer. The preoccupation with the role of producer is evident elsewhere in the human sciences. Consumption received insufficient attention, Featherstone (1991, preface) argues, as it was “designated as derivative, peripheral and feminine, as against the centrality which was accorded to the more masculine sphere of production and the economy”. The very notion of an ‘Industrial Revolution’ reflects a preoccupation with supply-side issues (McKendrick,

Brewer, & Plumb, 1982). This fascination with the world of production entirely eclipsed other aspects of the history of modernity, a history in which consumption may play a central part (Bauman, 1992). Appleby (1993, p. 162) articulates these concerns:

... why has the opportunity to consume been made dependent morally upon the opportunity to produce, but functionally upon the opportunity to purchase? I can think of no other human predisposition so essential to economic growth which has been so perversely treated. Why is it, to put the question in more total terms, that consumption, which is the linchpin of our modern social system, has never been the linchpin of our theories of modernity?

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However, the last decade has witnessed a resurgence of interest in the study of consumption in the human sciences (Bocock, 1993; Campbell, 1991; Miller, 1995; Saunders, 1988). This resurgence appears to be due to the centrality of a consumption aesthetic in discourses of the post-modern and a strong sense that the experience of modernity may be intertwined with *both* consumption and production. Within discourses of the post-modern, consumption is identified as “a realm of social action, interaction and experience which increasingly structures the everyday practices of urban people” (Falk & Campbell, 1997, p. 1). Shopping “is the twentieth century American hobby” (Freund, 1982, p. 110); leisure activities and the ‘work’ of consumption take place in “new consumption sites” (Shields, 1992, p. 6). The mall is a central component of contemporary experience (Langman, 1992). These discourses emphasise consumption as a key element of the Western sense of self. Consumption nurtures individualism (Bocock, 1993; Piore, 1995) and shopping becomes “not merely the acquisition of things: it is the buying of identity” (Clammer, 1992, p. 195).

Our paper is an attempt to broaden the notion of the social to incorporate the world of the consumer. Past failure to address this vital aspect of the social has denied accounting scholars an opportunity to identify appropriate theoretical perspectives on the relationship between accounting and the social. To this end we examine accounting technique in the department store, an established icon of Western consumer culture. The paper explores the emergence of accounting technologies in the control of mass credit facilities within the department store during the early decades of the twentieth century. Consumer credit represents a key point of intersection between the dual character of the individual as both producer and consumer.¹ If opportunities to produce, purchase and consume are inter-related, then consumer credit represents an important element of that

relationship. Moreover, consumer credit may operate both as a buffer between production and consumption and ensure the governance of a disciplined individual.

Our paper invokes Foucault’s notion of disciplinary power. Foucault’s genealogical investigations have been of significant interest to accounting academics.² Foucault is concerned with the way in which power, knowledge and the body inter-relate. In *Discipline and Punish* (Foucault, 1979) he examines the prison as one site “for diagnosing power-relationships which infect man’s body” (Stewart, 1992, p. 62). Foucault traces the shift from what he regarded as ‘traditional’ to ‘disciplinary’ modes of domination: from bodily torture to more subtle forms of institutional punishment. Through hierarchical observation, knowledge of the body and power over it become intertwined (Foucault, 1979, p. 170). Each prison inmate holds an assigned position arranged to facilitate his surveillance; each individual becomes located in time and space around whom records are kept and evaluations made. The consequent visibility of each individual allows identification of the deviant while at the same time normalizes the rest of the population (Foucault, 1979, p. 177).

Foucault’s work however has wider implications beyond the prison walls. Viewed as an instrument of power-knowledge, accounting has a significant surveillance role within the organisation. The role is often unintended, such as the discovery of the unsavoury dealings of the head clerk in Josiah Wedgwood’s pottery during the late eighteenth century following the construction of an accounting system to examine costs (Hopwood, 1987). We find the Foucauldian concept of power-knowledge can be usefully employed in our study. We examine how new modes of record keeping created alternatives to local knowledge in the management of consumer credit. These new modes centred on the construction of a numbered and defined space for each credit customer via the charge card and the subsequent monitoring of deviations from normal payment patterns via a rigorous analysis

¹ Shaoul (1992) is a pioneering attempt to deal with this issue. Our study differs in two important respects. First, we incorporate accounting directly into our narrative. Second, by adopting an historical approach, we avoid a focus upon the consumer as a readymade phenomenon.

² The work of Hopwood (1987), Hoskin and Macve (1986, 1988), Loft (1986) and Miller and O’Leary (1987), are prominent examples of this approach.

of the debtors' ledger. The age-based debtor balance is not only an accounting number but also a form of human accountability. Revealing the actions of each individual, accounting creates visibilities within the credit nexus.

We begin by identifying the role of local knowledge in the maintenance of a credit nexus. The nature of this local knowledge was such that it was embodied in individuals rather than institutions. For this reason, larger retailers were unable to participate in the credit nexus and avoided the problem by limiting the credit facilities offered to customers. However, as Section 3 explores, the advent of mass credit facilities during the early decades of the twentieth century prompted department stores to abandon traditional cash only trading. Section 4 examines the subsequent sustained attempts by department stores to render credit knowledge mobile. These attempts manifested themselves in a rich network of specialised credit bureaux and the emergence of a specialist 'profession', credit men. Nevertheless, these efforts floundered as they were based upon a knowledge of individual character and morality, a mode of knowing that was neither stable nor combinable. Section 5 explores the emergence of a solution grounded in accounting technique. It involved a portable, stable identity (known today as a credit card) and a parallel set of individual records that was quite literally a pack of cards, the unit record. The analysis of age-based accounts receivable represented but one potential way to shuffle these cards. These new forms of knowledge permitted a focus upon *consumer behaviour* rather than the *character of the individual*. Credit control adopted disciplinary proportions, classifying and monitoring the credit customer according to deviations from norms of payment behaviour (Foucault, 1979). The concluding section considers how the analysis is also suggestive of an understanding of consumer credit based upon governmentality (Foucault, 1988).

2. Local knowledge and credit

Credit is not a new phenomenon. Agricultural economies appear to have developed long standing

elaborate networks of credit based upon communal responsibility and reciprocity. These webs of credit appear to have been an important force in the maintenance of existing social relationships (Emmet & Jeuck, 1950; Walsh & Stewart, 1990). Personal knowledge of each customer's character and status within the community determined the extension and restriction of credit facilities. Intelligence gathering and confidence took priority over the recording of the customer's outstanding debt while social obligation and the threat of social censure was a powerful self-disciplining mechanism. Nugent (1939, p. 48) notes that US retail merchants before the Civil War "merely recorded" the purchases of account customers. No "formal promise" existed between the two parties as to the nature of the repayment pattern, rather an *expectation* existed that full settlement would ultimately be achieved (National Retail Merchants Association, 1969). Coleman (1974, p. 273) finds that in the *ante-bellum* USA, 'reputation' determined access to credit, while Rappaport (1993) also emphasises the primacy of personal relationships in the informal credit systems of nineteenth century London stores. Therefore, personal, local knowledge was a necessary condition for credit.

With the advent of larger retail establishments in cities during the late nineteenth century, personal knowledge became difficult and impractical to acquire. "The growth of the market and physical separation of work place and home disrupted this system by depersonalising relations between buyer and seller" (Rappaport, 1993, p. 96). Merchants responded to the risk posed by a lack of personal knowledge of each customer by shifting to a cash only basis of trading and refusing to grant credit. "Cash allowed for impersonal transactions which carried no risk for the seller." (*ibid.*, p. 144). Similarly, Santink (1990, p. 26) describes a Canadian merchant in the 1850s who "as a new arrival on the business scene in Toronto, he was compelled to operate very largely on a cash basis". Merchants sought to sway public opinion in favour of cash trading by highlighting the potentially lower prices resulting from the use of ready money (Adburgham, 1964; Alexander, 1970).

However, despite these attempts to operate entirely in a cash nexus, stores were generally obliged

to grant credit to their most loyal customers. The provision of such informal credit facilities had come to symbolise the quality store. Charge privileges were extended to wealthier customers in order to attract a ‘high status’ clientele (Alexander, 1970; Rappaport, 1993). Ironically, it was such privileged customers who often exploited the system by taking extensive credit over long time periods. The extent of long term credit taken by customers is illustrated in the records of one Massachusetts department store.³ The account book of customer C. L. Hayward with the store W. & A. Bacon shows periods of credit ranging from 6 months to 1 year. Despite the high cost to stores of overdue credit, interest charges on overdue accounts were unusual (*The Credit World*, 1930, p. 21; Weinhold, 1930).

In the main however, credit was assiduously avoided. Instead, stores sought to build customer loyalty by creating banking departments within the store. During this period, banking institutions did not finance the purchase of consumer goods and retailers were therefore the main providers of consumer credit (Bartlett, Williams, Adcock, & Moore, 1978; Leach, 1993; Olney, 1991). Customers were encouraged to deposit money that could be withdrawn for required purchases. “One of the main objects of requiring deposits from customers in excess of the amount of purchases made is to relieve the store from bad debt losses” (Eggleston, 1931, p. 143). Hotchkin (1925, p. 185) advises merchants to introduce customer deposit accounts as a solution to the collection problem and enthusiastically recounts the popularity of such a plan amongst store customers. The management of Macy’s department store in New York, long standing advocates of cash only trading, eagerly proposed the deposit account as a substitute for credit facilities. Following a customer request for a credit account, management responded:

We beg to acknowledge receipt of your favour of the 8th inst., addressed to Mr. Brohel, and to say to you in reply that according

to our system and method of doing business it is impossible for us to open an account with anyone. We constantly make the statement that we sell goods for cash only, and as you can readily see, we could not, in any instance, violate this rule. Did we have charge accounts with anyone, we would be pleased indeed to have your name on our books. The only method by which goods can be ordered without such order being accompanied by cash is to place an amount on deposit with us and then order goods, which may be charged against this deposit.⁴

In conclusion, local knowledge appears to have been a precondition for credit. In the absence of local knowledge, larger stores generally insisted upon cash with the exception of the affluent customer and the use of in-store banking facilities. Smaller stores continued to be a part of a local nexus of credit and Fraser (1981) argues that it was the ability to offer credit which ensured the survival of smaller stores in the United Kingdom.

3. Mass credit

During the early years of the twentieth century the USA experienced a consumer credit boom (Grant, 1992). Commentators during the period found it phenomenal:

In the present generation America is discovering mass finance . . . The working masses of the world’s population—the men and women who streamed into factories and shops in the morning and out again at night—have been thought of in the past primarily as *producers*. Today they are being visualized more as *consumers*: as business men or women in their own right . . . With this discovery has come a realization that the masses, like other business concerns, need credit. (Clark, 1930, pp. 1–4).

³ Archival records of W & A Bacon 1864–1869, Mss: 776, H427, Historical Collections, Baker Library, Harvard Business School.

⁴ Letter dated 12 August 1902, Box 2, Folder 1, 1050, Macy’s Archives, Historical Collections, Baker Library, Harvard Business School.

Nugent (1939, p. 92) reports a doubling of consumer credit in the USA between 1923 and 1929, while instalment selling increased dramatically during this period (Noah, 1926; Seidman, 1957). The growth in consumer credit was closely intertwined with the increased availability of consumer durable goods (Olney, 1991). Hire purchase of consumer durables had commenced with the invention of the Singer sewing machine in 1856 (Harris & Seldon, 1958), but the practice was confined to a limited range of goods, primarily sewing machines, pianos and furniture. The luxury nature of these goods made their purchase on credit more socially acceptable (Johnson, 1983). The perception of instalment selling as dangerous, evil and immoral was no doubt influenced by the fact that it threatened existing class structures (Coffin, 1994; Fraser, 1981). The advent of automobile finance companies, however, appears to have acted as an important impetus for a dramatic expansion in all types of hire purchase selling (Zelch, 1934). Changing attitudes to the morality of instalment selling also emerged (Clarke, 1939). The old distinction between the traditional charge account trade and the hire purchase trade was becoming less relevant. The two lines of credit were becoming tightly interdependent and inter-related (Jones, 1927).

It is interesting to note that despite the fact that both sides of the Atlantic experienced a burgeoning of consumer credit and consumer durables from the 1920s onwards, it appears that the pace of change may have differed between the two continents. Reports prepared by the International Association of Department Stores⁵ (IADS) [Doc. No. 151 (1935a) and 61 (1955)] remark upon the higher proportion of credit trade carried on in the USA relative to Europe.

Merchants came to realise that liberal credit facilities were a major selling force in the retail trade (Hotchkin, 1925; Woodlock, 1925). Leach (1993) documents this trend and points out that Marshall Fields (Chicago department store) had

180,000 charge accounts by the late 1920s. Sears, Roebuck & Co. decided to cautiously introduce credit facilities for the first time in 1910. By 1917, its policy had changed dramatically and “the period 1917–1921 was known as the ‘No Money Down’ era. Credit was extended liberally, with a minimum of investigation.” (Emmet & Jeuck, 1950, p. 268). Similar trends are evident in the UK. Prior to 1885, Harrods employed a cash only trading policy (Adburgham, 1964). However, by 1926 the store was conducting 80% of its business on a credit basis.⁶ Credit facilities not only captured new customers, they cemented the relationship between existing customers and the store (IADS, 1933, Doc.99; IADS, 1935b, Doc. 167; Leach, 1993).

Some insight into how the department store initially managed this expanded credit customer base can be gleaned from Gayton (1929, p. 148):

Our credit department had been using a memory method up to that time [1922] and when a charge slip came to the office for authorization, the cashier, if she did not know of her own memory, would call out “Any one know about Mrs. John Doe on Halleck Street”, someone in the office would answer “yes, O.K.”

By the late 1920s this store had implemented “a scientific credit system” with the “use of written records against memory methods” and “scientific as against hunch methods” (ibid.). This store is illustrative of a general trend. Whilst the exact nature and timing of this transition from ‘hunch’ to ‘science’ is difficult to establish⁷, it is possible to identify two distinct shifts in the department store’s management of consumer credit. In the following two sections, we examine the institutional mechanisms and techniques that permitted the emulation and subsequent substitution of local

⁵ The International Association of Department Stores (IADS), A Society for Management Research, was established in Paris in 1928 (Pasdermajian, 1950, p. 1). Among its activities it carried out research on all aspects of retail management.

⁶ Report by Mr Allan Hepworth on Harrods Counting House Methods presented at the Retail Research Association Store Owners Conference, Harrods, 1926, 22–29 May, Harrods Archives.

⁷ Generally occurring earlier in the USA than in Europe and at different times amongst individual stores throughout the USA and Europe.

knowledge during this period. Section 4 explores the first identifiable wave of change which was an attempt to replicate traditional forms of local knowledge but on a mass basis. Reliance on the information gathering services of external and/or in house credit reporting offices replaced management's personal knowledge of the credit applicant. Essentially however, the character of the knowledge was identical to previous eras, any difference lying only in its more systematised means of delivery. Section 5 examines the second wave of transition. Accounting numbers, rigorously documented and analysed in debtors receivable, become the final substitute for personal knowledge in the credit process.

4. Systematising local knowledge

4.1. *Credit networks*

A sophisticated network emerged to accumulate and disseminate the knowledge requirements necessary to sustain mass credit account application. The most significant elements of this network were credit reporting agencies, credit offices in stores and a nascent 'profession' of credit men. These elements combined to provide a rich source of information to department stores that emulated local knowledge.

Credit reporting agencies largely followed the precedents that had been set by commercial credit reporting since the 1840s in the US. By 1918, there were 300 credit reporting bureaux in the US and by 1925, 1400 (Truesdale, 1927). These bureaux compiled credit guides (frequently for 10,000 individuals) and provided collection services. They also provided employment information to ensure that the 'dishonest and incompetent' would remain unemployed (Truesdale, 1927). The credit bureau offered an all embracing knowledge of an individual's payment behaviour gathered from the experiences of several merchants. No longer could an applicant hide past credit offences by offering only good references to the merchant (Eggleston, 1931; Walter, 1922). The all-seeing bureau had access to the complete picture. Buckeridge (1927, p. 7) remarks: "the applicant always gives the

names of firms he pays promptly and neglects to mention those he owes, and which information is in the Bureau files." The bureau provided management with the power of observation (Foucault, 1979, p. 170).

Credit offices also emerged within department stores to grant credit and monitor collection activity. Generally, these credit offices were encouraged to actively pursue new accounts as well as checking on the account status of current charge customers (Hotchkin, 1925).

The final institutional strand involved the emergence of a 'profession' of credit men. The secretary of the National Association of Credit Men addressed delegates attending the 1925 Controller's Congress⁸ of the National Retail Dry Goods Association (NRDGA):

Our [Retail Credit Men's National Association] purpose is to bring together the retail credit grantors of the country, large and small, to organize and educate the retail credit man in the possibilities of his job and in the development of his position. We hope to make the retail credit grantors of the country professional credit men. (Woodlock, p. 60.)

Professionalisation was perceived to be linked to the acquisition of scientific knowledge and skilled training (Gamlén, 1926; Guernsey, 1932). Apart from professional status, the creation of a national association ensured a basis for the development of a network for exchanging information across state lines (Truesdale, 1927).

4.2. *Local knowledge revisited*

However, the important issue is the nature of the information gathered by the credit man. Effectively, it still involved a focus on the character of the borrower.

Most of the information secured by credit bureaux was from personal observation (Blocker,

⁸ The Controllers Congress was the annual convention of department store controllers. The congress was a division of the US National Retail Dry Goods Association—one of the largest trade associations in the USA.

1927) and the co-operation of merchants.⁹ Early reports included the political affiliation, moral standing and personal weaknesses (e.g. alcohol) of the applicant (Hayes & Miller, 1994). Their reports were generally of a qualitative nature, and the classification of individuals involved the assignment of letter codes. Payment patterns might be coded as (P)rompt, (F)air, (S)low and X. There were also more elaborate schemes such as the fifteen categories used by the Omaha Credit Bureau. Category M is ‘a chronic returner of goods on approval crank’ (Greene, 1924, p. 171). Although operating in a systematic fashion in terms of gathering and processing of information, essentially the bureaux retained a preoccupation with character and social standing. For example, Nystrom (1925, pp. 262–3) provides the following description of the highly personalised nature of the information gathered:

The credit man learns essential facts about the customer’s family connections. For, no matter how hard the circumstances may be that surround a family, if there is a characteristic pride in square dealing handed down from the preceding generation, it is almost certain that any obligation will be faithfully kept to the letter.

It appears that the credit bureau sought to offer a moral purpose for its existence. Not just the store but the entire community would benefit from the establishment of a bureau:

The mere existence of a well organized credit bureau in a community will tend to raise the moral standard of the whole community in regards to paying bills. Even good paying debtors become more careful. A well conducted credit bureau is able to tell the grocer how the debtor pays his butcher, his doctor, and every other trade and profession that he trades with, and each of these in turn is furn-

ished with the same kind of information from the grocer and others. Thus the exact credit standing of the debtor is established with the entire trade of the city. (Hanes, 1915, p. 5.)

The in-house store credit offices evidence a similar concern with the minutia of local knowledge of the credit applicant. This is reflected in the following description by a store executive of the era¹⁰:

Some stores have their own staffs of investigators. They visit the neighborhood of the applicants’ residence, size up the appearance of the house and question local shopkeepers regarding his standing. (Greene, 1924, pp. 168–9.)

Examination of the guidance proffered by writers of the period to the newly established store credit men is insightful. Hagerty (1913) stresses the importance of an adequate evaluation of the character of the credit applicant, ranging from his professional standing to his tendency to extravagance. “In no division of credit does so much depend on the character of the applicant as in personal credit.” (ibid. p. 87). Phelps (1938, p. 57) advocates the advantage of the interview in forming a personal impression of the credit applicant:

... the interviewer will sometimes get a very definite impression which may prove valuable if recorded. For example, the prospective customer may strike him very forcibly as being ‘shifty,’ ‘evasive,’ ‘argumentative,’ ‘seedy appearance,’ ‘flashy,’ ‘wife looks as if she might be extravagant,’ and the like.

Leigh (1923, pp. 344–5) recommends an assessment of the *moral* character of each applicant:

In taking an application for a charge account, stores usually require information to establish the customer’s financial and *moral* basis for credit ... Specific information is necessary regarding the *character* of the position which

⁹ The situation in the UK appears to have been similar. Corina (1978, p. 88) explains how store owners in London formed the Mutual Communication Society, the agents of which gathered personal information on potential customers which could then be used by any store member.

¹⁰ Personnel Director of Kaufmann Department Stores (USA).

the customer or her husband holds . . . During the credit interview, stores endeavour to obtain other relevant information, such as whether the applicant is a minor, whether the wife lives separate from her husband, or *whether there are any domestic difficulties* (emphasis added).

Similarly, Warren (1939, p. 66) advises an assessment of the applicant's "probable moral strength, in endeavouring to pay under changed circumstances".

The archival records of one department store provide an insight into the practical operation of such methods. Two ledgers detail the credit risk of every account customer circa 1920s/1930s.¹¹ The ledgers contain an alphabetic listing of customers, the date at which credit facilities were sought and a narrative on the personal circumstances of each applicant. For example, an entry in 1925 contains the following information on an applicant:

Was governess to Mrs K for her 2 sons, now at school in Dublin. Miss G is staying with Mrs K over 15 years and is now acting as lady's companion; drives Mrs K's motor car, and assists in her house. She is most respectable, and I think she has private means.

Not content with a simple examination of an applicant's moral character, department stores also engaged in a ritual designed to educate the borrower. It served the purpose of instilling, at an early stage, future expectations of payment behaviour. The role of the credit man, in this regard, was projected as one of service to the community:

. . . the central purpose of educating customers to pay promptly is that it gives him the opportunity to make the finest possible contribution to the lives of these people. By persistently educating them to pay promptly, the manager of credit sales is building character and making happier and finer men and

women. It is this opportunity to play a definite part in building and strengthening the character and moral fabric of hundreds or thousands of people that raises his role above the plane of a common job. (Phelps, 1938, p. 233.)

The National Retail Credit Association (USA) projected itself as the driving force in the creation of this credit worthy character. Their advertisements effectively illustrate this point. For example, a 1931 advertisement (Fig. 1) claims that articles of jewellery engraved with the association emblem provide the credit man with a useful opportunity to educate the credit applicant (*The Credit World*, 1931, XIX, 11, p. 31). Other advertisements (Fig. 2) actively encourage the social stigma of "QC", questionable credit, associated with slow payment of bills whilst at the same time depicting the magical kingdom awaiting the prompt payer (Phelps, 1938, p. 76).

The emphasis on character, morality and other personal characteristics appears to pervade the literature of the period. One may characterise this era as one where writing replaced the memory of the merchant. Yet, the credit process still involved a very high degree of local knowledge—essentially the knowledge obtained was unchanged, all that had happened was a robust system of examination in order to grade the customers. A more significant change however, was to present itself in the form of a rigorous analysis of the debtors' record. The following section explores the mechanisms behind the final shift from moral evaluation to rationalization, substitution of accounting numbers for local knowledge in the consumer credit process.

5. New modes of record keeping

A useful starting point for an understanding of the key issues may be gleaned from a visit by a US team¹² in 1926 to study operating methods in Harrods department store, London. They were dismayed by the system of accounting for retail credit which confronted them:

¹¹ Mc Bernies Department Store, Dublin, Irish National Archives, ref.: G1/i. Further examples of such narratives are provided in the Appendix.

¹² Members of the Retail Research Association.

People Observe Rings and Watch Charms

*Here is a Beautiful Adornment
That Becomes a Business Aid*

The adaptation on ring or watch charm of the emblem and slogan as shown below brings its important message to the credit applicant in striking manner. It is inevitable that the attention be caught and "Treat Your Credit as a Sacred Trust" registers forcibly during the interview. It may provide an easy entry to conversation on moral responsibility and promptness—a little helpful sermonizing at the opening of an account—a subject otherwise difficult of approach.

SIGNET AND SHIELD RINGS



Solid Gold, signet style,
plain or hammered.
\$9.00



Solid Gold, shield style,
plain.
\$9.00

WATCH CHARM LAPEL BUTTON OR PIN



Solid Gold with ring for
attaching.
\$6.00



Solid Gold, button for men,
pin for women.
\$2.00

CUFF LINKS



Solid Gold, one end Association Emblem, the other plain.
\$8.50



Solid Gold, one end Association Emblem, the other with
choice of any fraternal emblem.
\$10.00

Wear the National Retail Credit Association Emblem, now made in the various styles illustrated above—a splendid token of remembrance of the 19th Annual Convention at Saint Louis, 1921—an excellent gift to your local retiring president or as a prize for credit classes or contests.

Orders may be sent direct to the National Retail Credit Association, 1218 Olive Street, St. Louis, or to

HESS & CULBERTSON JEWELRY CO.
Ninth and Olive Streets St. Louis, Mo.

This is undoubtedly the worst thing that we have seen in the Store, and would not be found even in the smallest Store in the States . . . The record of customers is kept in old books and the person receiving a call must run all over the entire room in order to find the particular book desired, and there are probably over 100 books required. We did not notice a single modern index system in the entire office, and we feel that this is inexcusable. In every American Store you find the Rand or some similar index used in almost every office for some purpose. We would also suggest the use of the coin or card system of identification and passing by signature of the shopwalker of purchases under either £1 or £2 in value. We realise that this would involve issuing of a large number of coins, but they would not be in excess of the number used by many Stores in the States, and would only be issued to those customers whose credit was unquestioned. It would also necessitate the keeping of a numerical register in each section, but this is done in all Stores in the States.¹³

The two key points of their observations are the abandonment of books in favour of separate physical records relating to each consumer (the unit record) and a mobile system of individual identification (the coin or card). These two techniques intertwined with one another in order to create the preconditions for new opportunities to recombine the elements and to create modes of visibility that no longer required the intimate analysis of the customer's character and morality.

5.1. The charge card

The charge card has facilitated free and easy access to credit in Western consumer society (Ritzer, 1995, p. 6).¹⁴ It has become "a new sign of

¹³ Report presented by Mr. F. I. Liveright on the topic: Counting House and Secretary's Office, at the Retail Research Association Store Owners Conference, Harrods, 1926, 22–29 May, pp. 4–5, Harrods Archives.

¹⁴ Retailers were the pioneers of charge accounts (National Retail Merchants Association, 1969)—*Diners Club*, the first general charge card appeared in 1950.

Fig. 1. Marketing tools of the National Retail Credit Association Source: Reproduced from *The Credit World*, (1931, XIX, 11, p. 31).

Friends Talk About "Q.C."* Too!




*"Q. C." means Questionable Credit. The result of failure to pay bills promptly—as agreed.

CREDIT is a privilege—a convenience—extended upon the merchant's or professional man's confidence that when bills are rendered, they will be paid promptly, according to terms or agreement. Pay each bill promptly, and you establish a "Prompt Pay" record in the files of the Credit Bureau which, like money in the bank, will grow in value. For promptness in paying makes your credit good—and keeps it good!


But—failure to pay bills on time, through neglect or carelessness, can only establish a reputation for Questionable Credit ("Q. C.") and cause embarrassment—to your creditor just as much as to you. For no one likes asking for payment—even when it's past due.

The remedy for "Q. C." is simple: Bills are due on the first of the month following purchase and past due after the 10th.

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

NO 1000

National Retail Credit Association
EXECUTIVE OFFICES SAINT LOUIS
©1937 NATIONAL RETAIL CREDIT ASSOCIATION PRINTED IN U. S. A.

Good Credit Is Your Magic Wand!




FAIRY godmothers and magic wands were but fantasies of childhood. But, today, we have in our command a magic force for supplying needs. Modern credit facilities! Millions, today, are buying homes on credit—and furniture, automobiles, electrical appliances, and other modern conveniences that were luxuries but a generation ago!

And—paying out of earnings—they have use of their purchases while paying for them!

All that is required is a good credit record—a reputation for meeting obligations according to agreement.

Use Your Credit and Build a Good Credit Record—By Paying Promptly, According to Agreement!

NO 1000

National Retail Credit Association
EXECUTIVE OFFICES SAINT LOUIS
©1937 NATIONAL RETAIL CREDIT ASSOCIATION PRINTED IN U. S. A.

Your Credit Record Is An Open Book



And You Are The Author!

By the Way You Pay, You Write Your Own Record on a Little Card In the Files of the Credit Bureau.

YOUR credit record is of your own making. The Credit Bureau only keeps the record! Shows in the insert above is an actual credit record with the customer's name and address omitted. It shows how the customer has paid his accounts—on

study as if he had written the record in his own book!


Millions of records like this, in the files of the credit bureaus of the United States and Canada, form the basis of credit reports—used by creditors and employers to judge the trustworthiness of individuals.

Prompt Payments Make a Good Credit Record—And Keep It "O. K."

NO 1000

National Retail Credit Association
EXECUTIVE OFFICES SAINT LOUIS
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Prompt Payment of Bills Prevents "Q. C."*



*"Q. C." - Questionable Credit - is caused by laxity in paying bills. Avoid it!

Use Your Credit Judiciously Buy Prudently--Pay Promptly

PAYING bills is a matter of promptness—and understanding—just as much as it is of honesty. For most people are honest, but many are careless. They neglect payment of their bills and unwittingly build a reputation for "Q. C."—Questionable Credit—with all its recurring embarrassments: phone calls, collectors' calls, neighbors' gossip.

Merchants and professional men are glad to extend the convenience of credit to their persons. But they expect to be paid, just as they must pay their own bills, according to agreement.

Phone calls and collectors' calls cost them money—needless expense to collect what is due them. That's why they welcome the payment of those who pay promptly!

Safeguard your credit! Pay all bills by the 10th—or promptly as agreed.

NO 1000

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Fig. 2. Social stigma of questionable credit. Source: Advertisement reproduced from Phelps (1938, p. 76).

status since high as the cost of borrowing may be, a credit card (like the pawnbroker's tickets of earlier days!) indicates a certain creditworthiness". (Tebbutt, 1983, p. 200.) The consumer's flexible friend plays another role however. The charge coin and, subsequently the charge card

(Fig. 3), became a vital management tool in the implementation of a systematized credit policy. By ascribing an individual number to every account customer, the coin/card acted as a simple identification device for the expanding volume of charge customers (Comstock, 1925; Leigh, 1923).

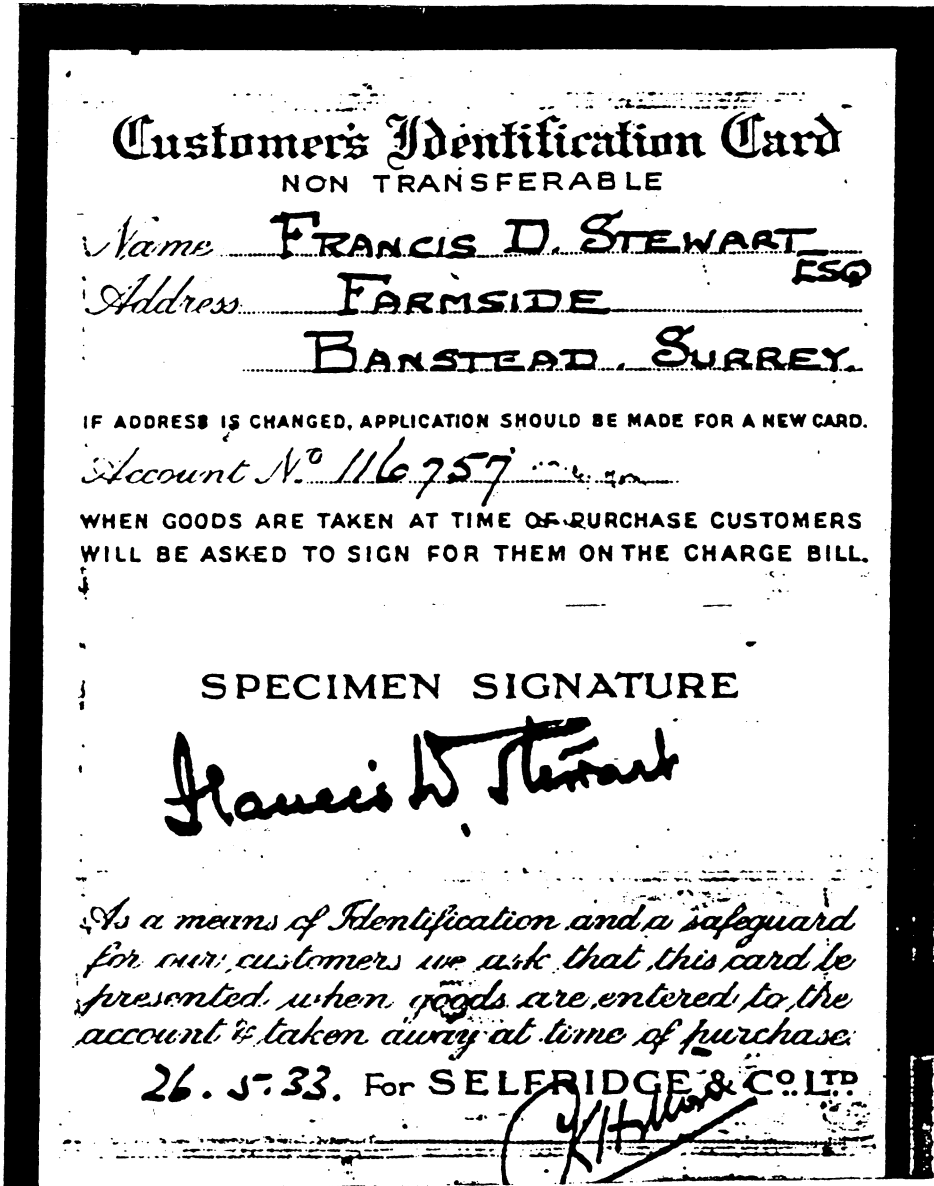


Fig. 3. Example of customer charge card circa 1930s. Source: Selfridges Department Store Archives (London).

The charge coin was a small and easily portable numbered metal coin that the customer presented when making a credit purchase. The number on the coin was also used as the customer's account number in the store's debtors ledger. These coins/cards enabled the efficient management of a far greater number of customers and helped reduce the possibility of individuals fraudulently charging goods to a customer's account (Clark, 1925). Another perhaps unanticipated consequence of the card was its own intrinsic value. For example, the credit manager at Filene's, Boston, found the threat of repossession encouraged prompt payment (Bitner, 1934).

However, despite its many advantages, the coin/card had one major disadvantage: the account customer's name and address were still manually written up on the sales bill at the time of sale by the salesperson. Frequently this gave rise to discrepancies between the information in the store records relating to an account number and the information on the sales bill due to inaccuracies on the latter. Eliminating these discrepancies was time consuming and resulted in customer billing and delivery delays (Walter, 1922).

The invention of a new style of charge card, called the *Charga-Plate*, provided a solution to this problem (Fig. 4). The card (*Charga-Plate*) was developed in the late 1920s by Farrington Manufacturing Company, Massachusetts (Ferry, 1960). It was embossed with the customer's name, address and account number. This ensured that accurate account details were automatically imprinted on the sales bill. The system was first adopted by Filene's department store, Boston, in 1929 (Mahoney, 1955). Within one month, the company had issued 93,000 plates (Bitner, 1934).

In summary, the introduction of the charge card, was an important step towards a more rationalized method of administering credit accounts. The customer's status became nothing more than an account number within the debtors records. The card facilitated management in assigning a position to each customer in order to aid in their future surveillance. Applying Foucault's partitioning principle, the card created a disciplinary space for each customer (Foucault, 1979, p. 143).

5.2. *The debtors record*

Each numbered customer charge card was associated with an account in the debtors ledger. "It is numbered," wrote Gimbel's [store in Philadelphia] to a client about their coin, "and that number becomes a feature of your account on our books." (*The Credit World*, 1919, July 6, p. 15 cited in Leach, 1993, p. 125). This debtors record formed the basis for all store credit authorization and collection decisions. A highly efficient and rationalized system of credit operation subsequently emerged.

Credit authorization no longer required a character judgement for every customer credit purchase. Rather, the store authorizer consulted the customer debtors account and credit was extended on the basis of the outstanding balance:

When a sales check is received, the authorizer compares it with the index to see the name, address, limit, number of identification coin, special instructions, credit rating placed by the store, date account was opened, occupation or profession, and the signature of the customer and all authorized buyers. The authorizer then looks up the charge account in the ledger to be sure that the customer has not bought over the charge limit allowed. If everything is satisfactory, the sales check is authorized, and if a 'take-with' transaction, notice is sent to the counter where the customer is waiting. (Leigh, 1923, pp. 353–4.)

To speed up the authorization process, index cards (Fig. 5) containing summarised customer account information rather than the debtors ledger were consulted:

In the small store the authorizer, who may be the credit man himself, or the proprietor, will usually refer to the accounts receivable ledger whenever it is necessary to complete the identification and check the purchase of a charge customer. In larger stores a special authorization index is often provided for authorization work, the authorizer referring to this index instead of the accounts receivable

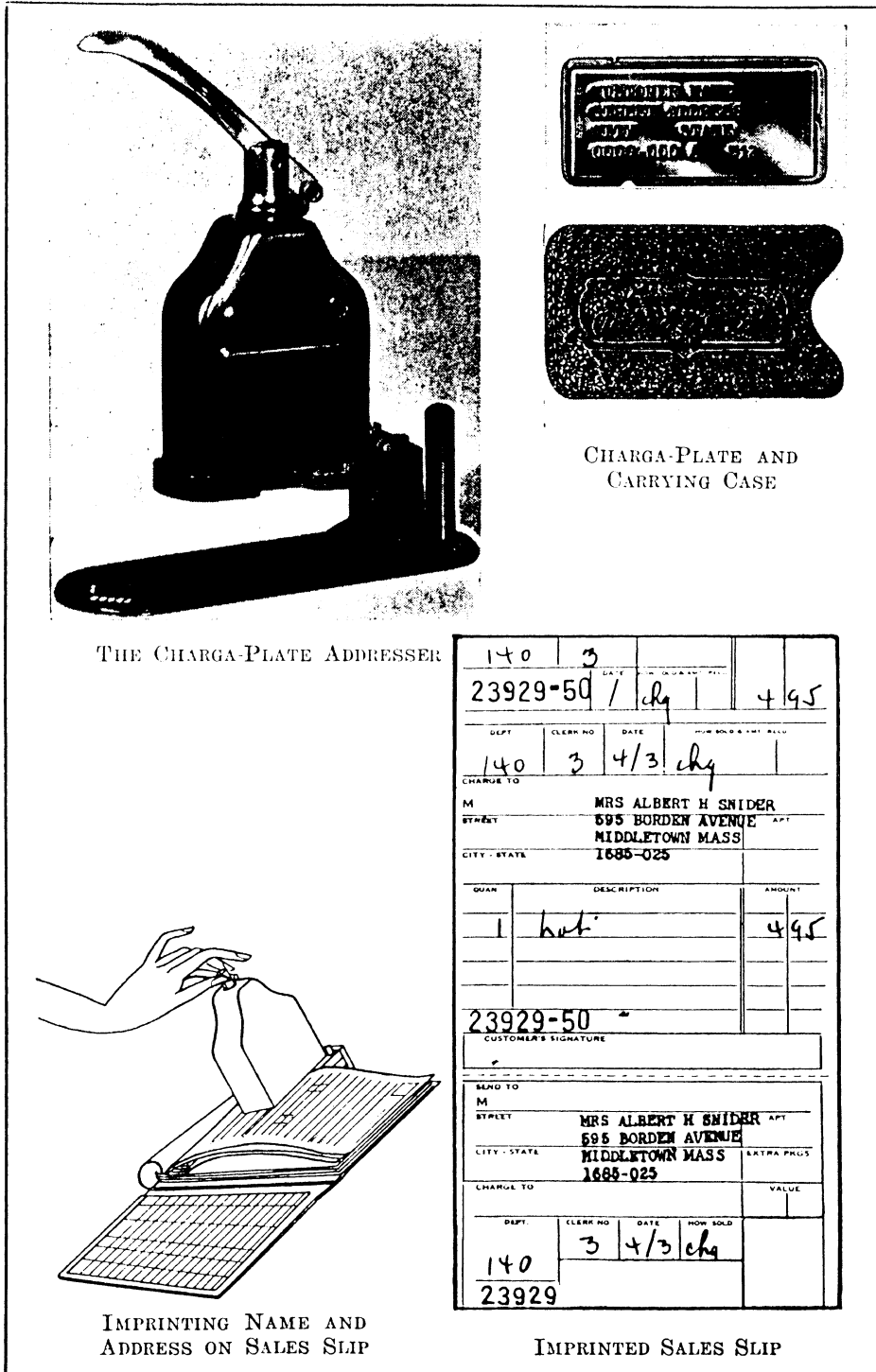


Fig. 4. An illustration of the Farrington charge-plate system. Source: Advertisement reproduced from Phelps (1938, p. 149).

ledger ... The authorization index contains a record of every charge account on the store's books. Usually each account is entered upon a separate card in a visible file. (Phelps, 1938, p. 163).

The visibility of these index cards is a persistent theme throughout the literature. The use of coloured tabs on the margin of the cards was one means by which a store could achieve such visibility (Butz, 1932). This practice appears to have been commonplace according to Holmes (1923). Echoes of Owen's 'silent monitor' (Walsh & Stewart, 1993) are apparent in Gayton's (1929, p. 148) description:

... there are four signals to be inserted in the index tubes. Red, meaning no charges are to be authorized without the credit manager's or the assistants personal approval. Amber, meaning that our authorizer should refer to the 'Collection Follow-Up Record' ... and may use her own judgement about authorizing or referring further. A permanent red dot is placed in the middle of all tubes to remain there as a 'black eye' on all records that have

been carried red or amber signals or where the account was opened on a narrow margin of safety ... There is another signal—a green one. This indicates that the customer must be identified. We have a file of signatures for this purpose.

These systems were commercially available and advertised in trade magazines during this era (e.g. *The Credit World*, 1926, XV, 3, p. 32; *The Credit World*, 1929, XVIII, 1, p. 23). The use of coloured signals lay at the core of the operation of authorization systems such as Kardex (Fig. 6) and Lamson (Fig. 7).

Debtors' ledger information, particularly an age-based analysis of the debtor balance, was also important at the collection stage. The notion of using an age-based debtors analysis to monitor collections appears to be a novel one. Even the technique of ageing the debtor balance required a careful and detailed elaboration by its followers before its adoption could become commonplace. For example, Weinhold's address (Controlling the Investments in Accounts Receivable) to store controllers attending the 1930 Controllers' Congress of the NRDGA examines in minute detail

THE BROWN CORPORATION						
CUSTOMER'S CREDIT STANDING						
CUSTOMER	<i>Henry Brown</i>			CREDIT LIMIT \$2,000		
(YEAR)	FEB.	MAR.	APR.	MAY	JUNE	JULY
TOTAL CHARGES FOR CURRENT MONTH	320	175	1210	265		
BALANCE AT END OF MONTH	450	175	1385	1650		
CREDITS TO ACCOUNT		400		500		
		50		500		

EXHIBIT 88. CUSTOMER'S CREDIT STANDING RECORD

Fig. 5. Example of debtors ledger customer index card. Source: Reproduced from Eggleston (1931, p. 206).



GRANTING CREDIT UNDER BOOM CONDITIONS

When the big boom hit Florida a little more than two years ago, the tremendous increase in business and the influx of new accounts made the credit and collection problem an exceedingly difficult one for the firm of Knight and Wall, one of the largest wholesale and retail hardware concerns on the Florida west coast.

With the rapid growth of their business and with a difficult credit problem on their hands they called in the Kardex man; and as a result a Kardex credit and collection record was installed. It so completely solved their problem that they have since expanded the system to take in all dealers and contractors accounts.

This is how the system works: Monthly balances from customers' monthly statements are posted to the Kardex record, and colored signals are inserted for the current month. Remittances as they are received are credited to the accounts,

and if paid in full the signals are removed. They do not show again until the ensuing month. Different numbers such as 5-10-15-20-25 signify credit limitations. Any purchase in excess to these limitations calls for the Credit Manager's okey.

Here is what Mr. J. E. Wall, President of the company says about their Kardex installation: "In all of our experience with improved systems and labor saving devices we willingly make the statement that our Kardex Credit System is the best investment the company has ever made and it has proved most satisfactory."

What Kardex has done for this concern, it will do for you. The Kardex man in your city will be glad to explain in detail how Kardex will solve your credit and collection problem. Phone the local Kardex office or mail the coupon.

RAND KARDEX SERVICE CORP'N.

816 KARDEX PARK, TONAWANDA, N. Y.

*Branches in 150 Principal Cities in the U. S.
and 61 Foreign Countries.*

KARDEX

Rand Kardex Service Corp'n.
816 Kardex Park, Tonawanda, N. Y.

- Send Kardex Man.
- Send Me Your New Booklet,
"Automatic Buying."

Name _____
Street _____
City _____ State _____

Fig. 6. The Kardex system of credit authorization. Source: Reproduced from advertisement in *The Credit World* (1926, XV, 3, p. 32).



The written record of the sale is swiftly sent to the authorizer with the Lamson System. There is no guesswork and privacy on questionable accounts is assured.



Customers Like the Quiet Dignity of LAMSON Authorizing

YET that is but one of the worthy features of Lamson Store Systems. Representative establishments everywhere have demonstrated the value of Lamson in other ways. With these systems they have a centrally controlled organization. Cash and charge slips are whisked in split-seconds from the counter to the cashiers and authorizers. Equally as quickly change is back or the credit approved.

But wait! This credit approval serves purposes other than saving the customer the embarrassment of needless questioning. A two-fold mission is accomplished—your customer benefits by the tactful, dignified service and your authorizer has the protection of seeing the actual sales slip. There is no need to rely on the hurriedly spoken word. The written record is before her!

The Lamson store service representative in your section will gladly tell you more about this positive, dignified method of authorizing credits and how Lamson Store Systems can help you in your business. Your request will bring him to you.

THE LAMSON COMPANY, SYRACUSE, N. Y.

Offices in Principal Cities

LAMSON STORE SYSTEMS

Speed Sales ~ Safeguard Profit

Fig. 7. The Lamson credit authorizing system, Source: Reproduced from *The Credit World* (1929, XVIII, 1, p. 23).

the steps involved in ageing an account and calculating aged percentages (Weinhold, 1930). Whilst Zinser's presentation to the same forum in 1933, stressing the importance of account analysis in the control of accounts receivable, was chosen as the award winning essay of the annual Congress (Zinser, 1933, p. 32):

The joint concern of the general management, the controller and the credit manager is to find a means of controlling the credit operation. The merchandise manager is well supplied with data regarding his merchandise stocks, purchases, sales, turnover, mark-downs, gross and net profit. He may have at his disposal the detailed unit control of stocks. In any event, he has periodical physical inventories and season letter reports. The same detailed analysis can be made available each month end with respect to the accounts receivable, showing the age analysis of individual accounts, and the aggregate totals of this analysis. The collection on accounts can be analyzed to show their application to the charge sales of the preceding month, respectively. The current increase in doubtful accounts can be charted monthly and compared with the reserve for loss provided out of income or capital. By making this analysis an integral part of the accounts receivable bookkeeping routine, the practical credit man will obtain invaluable aid in his day to day handling of the accounts.

From the age-based analysis the collection manager could easily draw up a list of old customer balances requiring follow up attention.

Although the regular retail terms of department stores generally require that customers settle their accounts monthly, there are nevertheless many customers who fall in arrears in making payments. A list, such as the one shown in Exhibit 67, [Fig. 8] is frequently prepared for the purpose of informing the credit manager regarding the customers who are behind in their payments. The form which is illustrated contains columns

for subsequently reporting the condition of the accounts. An idea can be gained from a study of previous lists of delinquent accounts receivable of how long it took the various customers to complete the liquidation of their old balances. When these lists are periodically brought up to date, there is available to the credit department manager information that he requires to properly supervise collections. (Eggleston, 1931, p. 149.)

It is useful to contrast such rigorous listing and analysis of customer balances with the varied personal histories gathered in earlier decades on potentially bad debts. For example, the Harrods Bad Debt Schedule recorded an entry in January 1909: "Gone away—no knowledge of where-

67

BLAINE & PALMER
LIST OF DELINQUENT ACCOUNTS
DATE *June 10 (Year)* BOOKKEEPER *May Clark*

CUSTOMER	90 DAYS PAST DUE	SUBSEQUENT COLLECTIONS		
		DATE <i>July 10</i>	DATE	DATE
<i>Art Shoppie</i>	275	275		
<i>Robert Abel</i>	150			
<i>Oscar Abel</i>	75	25		
<i>Jacob Adler</i>	200	100		
<i>Wilbur Abram</i>	1200	1200		
<i>Alvin Acosta</i>	305	5		
<i>Wm. Acker</i>	445			
<i>John Acton</i>	275			
<i>Otto Accounts</i>	100			
<i>Hugh Adair</i>	50	50		
<i>Anton Adams</i>	125			
<i>Ernie Adams</i>	60			
<i>Ernest Adams</i>	75	75		
<i>Frank Adams</i>	110	100		
<i>Walter Addis</i>	40			
<i>Albert Addison</i>	2150	500		
<i>Chas. Adelson</i>	6200			
<i>Oscar Addus</i>	380	300		
<i>Leora Aerts</i>	1900	1900		
<i>Chas. Agne</i>	750	750		
<i>Wm. Agher</i>	1600	1600		
<i>Frank Allen</i>	200			
<i>Edward Amos</i>	50	50		
<i>Andrew Anderson</i>	25			
<i>Jos. Anthony</i>	180			
<i>Total</i>	16920	6930		

EXHIBIT 67. LIST OF DELINQUENT ACCOUNTS RECEIVABLE AND SUBSEQUENT COLLECTIONS

Fig. 8. Example of bad debt listing. Source: Reproduced from Eggleston (1931, p. 147).

abouts—Separated from Husband who is not responsible.”¹⁵

By recording and reviewing customer payments, the collection department could build a profile of every customer’s credit history. For example, Goodwin (1935, pp. 90–91) outlines the following system:

At the present, we have in effect a customer history record for every open account on our ledgers. We use sheets approximately 8 1/2" × 11" which are housed in ledgers, two of these ledgers to one Accounts Receivable ledger. The history record covers a period of four years, and provides for the following information:

End of Month Balance Owing
Date of Payment and Amount
Credits
Collection Effort

... From this record it is possible to determine the buying, paying and returning of merchandise habits over a period of years.

Foucault’s (1979, p. 177) principle of disciplinary power provides a useful frame of reference from which to view management’s authorization and collection activities. Normalising judgements were made by management as to the nature of customer payment patterns. Management established standards of customer behaviour. The debtors accounting system played a role in monitoring customer behaviour and detecting deviations from established norms. These norms were translated to credit customers under various guises. As seen earlier, the interview stage was one medium in which to educate the customer on the subsequent monitoring of his balance. Other stores waited until a later stage in the process to convey their message, usually by way of an age-based analysis of the customer’s statement. For example, Weinhold (1930, p. 172) provides the following account of how the stores in one US town communicated an analysis of payment behaviour to customers:

You will notice a little printed form . . . which the stores in Youngstown use that they send monthly with all their statements, acquainting customers with rating methods. This is the type of thing that we think can be used to educate customers regarding the methods of rating. We have found that it has a very wholesome effect on those customers who have previously been delinquent in their payments.

[The Retail Credit Association of Youngstown desires to acquaint all the Customers of the 300 member stores of the Merchants Mercantile Company with the basis used for its ratings. Each member reports periodically its experience as regards to ‘Promptness of Payments’ for each Customer on its books. Settlement Within The Following Month Prompt
Settlement During The 2nd And 3rd Month Fair
Settlement After 3rd Month Slow

Thus a customer’s combined rating might read ‘3-P 2-F 2-S’ meaning that 3 stores reported Prompt payment, 2 stores Fairly prompt payment and 2 stores Slow payment. Other Terms arranged at time of purchase are exceptions to this ruling but only apply to that specific purchase. Deferred Payment accounts are rated in accordance with the Promptness of Payment on Due Date agreed upon each payment. Delinquent Accounts are subject to interest charges.

‘Prompt Pay Creates Credit’.]

We had one send back the slip, having been angry, with a check-mark at exactly the point where she would have been rated. So they clearly understand what it means.

The accounting system therefore became implicated in rendering the deviant customer visible. He was then penalised with increasingly demanding follow-up letters and threatened with withdrawal of charge card facilities. In this way, the knowledge base created within the accounting system

¹⁵ Loose sheets entitled: Bad Debt Schedule No. 30, Harrods Archives.

replaced the former highly personalised system of gathering intelligence on each customer. Prior dependence on personalized details declined in importance in the face of rigorous ledger procedure:

To play the role of ‘friendly creditor’, however, does not necessarily mean that one need to be ‘happy-go-lucky’ in collection matters and although we try to keep the personal touch in all our collection efforts there is a highly organized system back of all our work. (Shedd, 1926, p. 9.)

5.3. *From moral evaluation to rationalization*

In summary, it is fair to say that by the early 1930s, in the USA at any rate,¹⁶ judgement based on character appeared to have given way to the genesis of a system that appears far more familiar to the contemporary reader—one based upon the systematic analysis of an archive of payment behaviour as revealed by the debtors account. An approach perceived as ‘scientific’ and ‘logical’ was favoured over previously random actions (Gatton, 1929, p. 148):

The fundamental principle of a scientific Credit Business is the use of written records against memory methods. Scientific as against hunch methods is the laying out of a program of conduct based upon logical policies so understood by all concerned that in the absence of the directing head the plan may be carried out to a successful conclusion.

Moral character profiles were replaced with reliance on seemingly objective numbers: the age-based debtor balance. “The application of modern accounting methods is all that is needed to furnish all the information desired” (Zelch, 1935, p. 66).¹⁷ Miller’s (1992, p. 68) work is insightful here:

¹⁶ In the UK, Tebbutt (1983) also suggests the adoption of a more rationalized approach to credit during the inter-war years.

¹⁷ “The Horse & Buggy Age compared with the Lindberg Age in Credit” (Williams, 1930, p. 16) is how one commentator captures the shift to more standardized credit procedures during this era.

Calculative technologies make it possible to render visible both the near and the distant activities of individuals, to calculate the extent to which they depart from a norm of performance, and to accumulate such calculations in computer files and compare them . . . The end point of these diverse calculative machines is the single figure. In this, the objectivity specific to accounting achieves its most developed form.

Two key features of the new system appear to be the creation of a portable cipher, the charge plate and the creation of a unit record. All of the descriptions emphasise the use of sheets or cards of paper, rather than materials stored in books of account. The emergence of such systems of record keeping was a new departure and by their very nature, enabled the analyst to recombine the elements to perform an age-based analysis of accounts receivable. However, other combinations were also possible. This new knowledge of the customer’s accounting records could be used to support direct mail advertising (Eggleston, 1931; Fig. 9) and enabled the creation of elaborate orderings and distributions of the customer:

. . . we have printed sheets showing lists of numbers in vertical columns running from 1 to 50 and from 51 to 100 . . . we have a complete, legible, permanent list of 90,000 numbers. Each number represents a customer. There are five columns for information against each number. By using different colored symbols, we can easily show in one book from 15 to 20 different observations about each customer. (Bassett, 1928, p. 14).

Similar initiatives were employed by member stores of the Paris based International Association of Department Stores (IADS, 1933, Doc. 99). The first Parisian department store to offer mass credit, Dufayel’s, reveals that it also “became one of the first French advertising agencies that published surveys and compiled mailing lists. Dufayel, therefore, did more than simply peddle credit to the working class; it was actively creating, shaping, and scrutinizing a new buying public” (Coffin,

GRANT BROTHERS												
CUSTOMER'S ACCOUNT ANALYSIS												
NAME <i>Harry Abels</i> YEAR 1931 FOL. 4721												
DEPT	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	JAN.
A		✓				✓						
B												
C		✓			✓	✓						
D									✓	✓	✓	✓
E												
F		✓			✓	✓						
G		✓				✓						
H												
I		✓										
J		✓			✓		✓					✓
K		✓										
L		✓		✓		✓	✓	✓	✓	✓	✓	✓
M												
N		✓		✓	✓							
O												
P												
Q												

EXHIBIT 68. CUSTOMER'S ACCOUNT ANALYSIS SHOWING DEPARTMENTS IN WHICH PURCHASES WERE MADE

Fig. 9. Example of customer account analysis. Source: Reproduced from Eggleston (1931, p. 148).

1994, p. 754). This new-found interest in consumer behaviour is also evident in the history of consumer research during the 1930s:

... we see increasingly organised, if still somewhat contingent and often crude, attempts by advertisers and retailers to observe and classify the detailed tastes and habits of the consuming population. (Nava, 1995, p. 13.)

It appears therefore, that at the same time period that market researchers sought to classify and monitor consumer behaviour, store controllers were recording and analysing the spending habits of their charge account customers.

6. Conclusions

Our narrative has attempted to explore accountability at work in a new setting: the department store within the realm of the consumer. To date neglected by accounting academics, examination of the managerial practices of this vast organizational form can enrich our understanding of the accounting craft. This paper has focused on one aspect of store control. We have explored some elements surrounding the creation of mass consumer credit and accounting's role in that process. This issue is of interest since credit appears to play an important role in the constitution of consumer societies and also has received attention as a component of information intensive societies. Similar to Miller and O'Leary (1987, p. 235) an aim of this study is to suggest "some elements of a theoretical understanding of accounting which would locate it in its interrelation with other projects for the social and organisational management of individual lives". Whilst those authors use the "firm as a site in the construction of the governable person" (p. 250), this paper considers the workings of an accounting technique in an alternative site: the store as a site in the construction of the governable consumer. The mundane practice of credit customer classification narrated within this paper can be viewed not only as an illustration of the disciplinary power of accounting but also its application as a technique of governance (Foucault, 1991; Miller & Rose, 1990). The physical location of the individual credit customer as a numbered entity in the accounts of the debtors' ledger whose actions are subject to a rigid surveillance regime is suggestive of Foucault's (1979) history of the prison. Creating visibilities of payment behaviour, accounting numbers became powerful disciplinary tools in constructing the norm and punishing the deviant. However, perhaps a broader, but complementary, issue is also at stake here. The notion of governmentality can be similarly insightful to our analysis.

Consumption itself according to Wickham (1997, p. 285) "is an object of social scientific knowledge only because and insofar as it operates as an object of governance". Similarly accounting's

role as a tool of governance is competently argued by Miller (1994, p. 3):

By reducing diverse activities and processes to the end point of the single figure, accounting makes comparable the entities of which it produces calculations. In the process, accounting helps make possible a particular way of governing individuals and activities. For such numbers can be used to evaluate and compare individuals, departments or divisions. And they can also be used by individuals themselves to compare where they are with where they should be, what they have achieved with what they should have achieved.

Accounting is one medium by which an individual's actions may become visible and this process in turn plays a role in shaping and governing the conduct of the individual (Miller & Rose, 1990; Rose, 1990, p. 415). In this paper, calculative regimes surrounding the numbering of the credit customer, checking of credit authorization limits, reference to visible coloured index markers, and monthly analysis of age-based balances, all converge to facilitate the management of individual lives. Analysis of the credit customer's debtors record can be considered, not only as a tool of disciplinary power, but also an example of how accounting numbers provided management with one means of governance at a distance. Evidence is presented which suggests that credit per se is nothing new, rather the innovation involved the ability to act at a distance (Latour, 1987, p. 219; Robson, 1992) and hence overcome the constraints of local knowledge.

There appear to be two distinct phases associated with the appropriation of local knowledge by centres. The first phase involved the creation of mobile written records which attempted to emulate the objects of local knowledge—a focus upon the character and morality of the individual borrower. The second phase involved a more stable form of knowledge based upon the creation of a concrete identity for the customer and an entire archive of customer behaviour based upon accounting records. However, these accounting

records adopted a new form—that of the unit record rather than a page in an account book. This characteristic created the all important quality of combinability which ensured that new unanticipated bodies of knowledge could emerge, hence facilitating the creation of the mass individual and a transition from a focus upon character to a focus upon payment behaviour. Archives of knowledge, gathered in the debtors record, formed the basic components of the marketing department's customer profile analysis. Therefore, one may conclude that accounting was intertwined with the emergence of consumer society more generally.

Acknowledgements

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Appendix. Mc Bernies Archives¹⁸

1. Examples of the extent of detailed personal information on customers

22/10/1923 Bookkeeper in X Flour Mills for past year. Yearly tenant of furnished private house. Value of furniture about \$100. Salary about \$4 per week. Prompt in payments and safe for amount \$25. Steady. Sober. Married no children.

24/1/1925 Has been building cottages for Rathdrum District Council for past 3 years, and is at present building 3 cottages for Shillelagh DC. Also carries on T. Quarries, and seems to be doing very well, as he employs a good many men.

¹⁸ Mc Bernies Department Store, Dublin, Irish National Archives, ref.: G1/i. The names of the customers are excluded for reasons of confidentiality.

12/2/1925 Was governess to Mrs K for her 2 sons, now at school in Dublin. Miss G is staying with Mrs K over 15 years and is now acting as lady's companion; drives Mrs K's motor car, and assists in her house. She is most respectable, and I think she has private means.

10/10/1925 X, ex-Lieut. F.S. Army is principal partner. It is said there is a foreigner behind it. Cannot ascertain owing to his short time in business, whether he would be safe but he is said to have had a considerable sum when leaving the Army.

22/10/1928 Carries on business as a dairy farmer and pays someone to look after the business. He is a teacher at the school mentioned and is very respectable and financially sound. Considered safe for your figures.

8/11/1928 Wife of X a small farmer carrying on a dairy business, sending milk to Dublin by train and very industrious. Mrs X has not a good name for payments but with her husband's sanction credit named is quite in order.

18/6/1929 Several years at address which he rents and is employed as a salesman by X Ltd. He is said to be highly respectable and nothing is known against him, though his financial position is not regarded as too strong. He is been ill for some time past but is now all right again. Mrs B is said to be living beyond her means and in view of this informants hesitate to advise £50 credit, but consider up to £20 a fair trade risk.

25/1/1930 I am reliably informed that she recently was inmate of a private mental hospital. Would strongly advise obtaining her father's approval.

28/8/1930 Wife of Mr A, at one time connected with the X Co. Very respectable, steady man, said to own his own house, but not regarded as too strong financially. However he is very well regarded locally, always pays his way and nothing is known against him.

2. Examples of the importance of personal knowledge of customers

23/10/1924 Mrs F (wife of Linens buyer) a native of Drogheda stated this was a very good family living in best part of the town and should be quite all right.

1/2/1928 A sister of Mr C. Good as gold.

14/10/1929 Known to Mr F who says she is an old cash customer.

19/3/1930 Brother of X who says he is a Professor of music in Y school. This was confirmed by Mr A who says he is a very respectable man. Mr X states he owns this house and has a motor car.

18/5/1930 Mr C (silks dept) says: Next door neighbours of mine. Own the house and are OK.

3. Examples of the importance of property and/or position in granting credit

15/2/1924 At address for 15 years. Has all exterior appearances of well to do person and has no other business than keeping first class lodgers. Safe for credit named.

7/6/1924 Married woman. Husband living. Own a large property in America. Quite safe for credit named.

22/7/1929 Wife of a Police Pensioner who is also a Clerk and Rent agent. They have a nice private house and are in comfortable circumstances. I consider credit named all right.

17/10/1929 First class people, have a beautiful place and should be all right.

11/2/1930 Employed as Accountant in Rathmines, a permanent and pensionable post. Runs two motor cars. Respectable and nothing is known against him.

12/6/1930 These people are Gentlemen Farmers in a very big way and are quite all right.

18/6/1930 Wife of Dr. B, dispensary Dr. Resides with her husband and family in a private residence with 17 acres of land attached. Respectable and said to be well off.

31/6/1930 Wife of Mr X, an ex-officer of the R.I.C. who retired with County Inspector's rank. Has about £500 p.a. pension and is regarded as a very solvent man and should prove safe for the credit named.

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