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The role of the State in the development of accounting in the Portuguese-Brazilian Empire: 1750-1822

This paper explores the role of the State in the development of accounting in the Portuguese-Brazilian Empire (1750-1822) in the context of economic and political transformations. In this period, the interrelations of accounting and the State were central to understanding accounting change in Portugal and Brazil. Accounting technologies of government like accounting education, governmental accounting, organization of the accounting occupation and corporate governance rules were part of the activity of ruling through which governments sought to shape and normalize decisions to achieve desirable objectives for the Empire. This was particularly so in the periods of D. José I and D. João VI: the former was responsible for the spread of double-entry bookkeeping [DEB] in the metropolis, the latter was responsible for the spread of DEB in Brazil.

Introduction

This paper continues a vein of research that is interested specifically in mapping connections between the State and accounting in the context of Empire. Little has been documented regarding how accounting technologies were transferred from the metropolis to colonies. This is particularly true in the case of the Portuguese-Brazilian Empire. This article seeks to help fill this void by reviewing the period 1750-1822, using primary and secondary sources. This study is a response to the work of Baños et al. (2005). They identified the need to consider the role of accounting changes under different political regimes; and to better understand how accounting influenced, and was influenced by, the economic and political context in which it operated (Miller & Napier, 1993; Hopwood & Miller, 1994; Miller, 1994). The study also follows the suggestion of Burchell et al. (1980) to understand what economic and political issues and agents have been involved in accounting's development. Additionally, as Graves & Radcliffe (2001, pp.93-4) point out, it is important to research the relationship between the functioning of accounting and public policy. We should acknowledge that techniques of government, such as accounting, are salient to the act of colonization and that

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accounting has ideological effects consistent with the objectives of colonialism Neu (2000).

This paper also seeks to extend understanding of the development of accounting in the Portuguese-Brazilian Empire (1750-1822) by exploring how actors, particularly the State, transferred accounting technologies from Portugal to Brazil. Pêro Vaz de Caminha (one of the captains of the fleet accompanying Pedro Álvares Cabral in the discovery of Brazil) wrote detailed and accurate accounts about the costs of the trip (Sá, 2008). After the discovery in 1500, several Portuguese accountants went to Brazil. They brought accounting knowledge with them from Portugal (Carnegie & Parker, 1996).

This study illustrates how the calculative technologies of accounting constructed calculable spaces in the metropolis and Brazil (Miller, 1992, p. 75). Foucault (1991, p. 97) argued that “mercantilism might be described as the first sanctioned efforts to apply this art of government at the level of political practices and knowledge of the state” and that mercantilism “is the first rationalization of the exercise of power as a practice of government; for the first time with mercantilism we see the development of a *savoir* of state that can be used as a tactic of government.” The period 1750-1777, under the mercantilist and corporatist model adopted by Pombal, was characterized by the re-emerging of the importance of the Portuguese colonial dominions, with Brazil the most important colony (Serrão, 1996, p. 141). At this time, there was a clear attempt to integrate and connect the resources that were dispersed through the world and to connect the colonies permanently with the metropolis. Later, with the French invasion of Portugal in 1808, Brazil became the metropolis. Physiocratic and liberal ideas became influential. Therefore, the period 1750 to 1822 seems an appropriate one to study accounting’s involvement in imperialism, in different economic and political contexts. This study provides further evidence on how accounting helps render visible certain crucial aspects of the function of the State.

The remainder of this paper is organized as follows. In the next section the literature on accounting as a technology of government in the Empire is reviewed. Thereafter an analysis of the accounting evolution in the Portuguese-Brazilian Empire is presented. Two periods of interest are considered: Pombal’s mercantilist and corporatist regime (1750–1777); and the rise of the physiocrat and liberal ideas during the reigns of D. Maria I and D. João VI (1777-1822). The main findings are discussed in the last section.

2. Accounting as a technology of government in the Empire

Foucauldian analyses of governments have uncovered the capacity of accounting to manage populations both locally, and at a distance, by using technologies of power. These technologies are defined as “imbued with aspirations for the shaping of conduct in the hope of producing certain desired effects” (Rose, 1990, p. 52). Technologies of government facilitate action at a distance:

We use the term ‘technologies’ to suggest a particular approach to the analysis of the activity of ruling, one which pays great attention to the actual mechanisms through which authorities of various sorts have sought to shape, normalize and instrumentalize the conduct, thought, decisions and aspirations of others in order to achieve the objectives they consider desirable (Miller & Rose 1990, p. 8).

Accounting technologies of government are defined in this paper as government activities of regulation that sought to shape, normalize and instrumentalize accounting reporting, accounting education and the organization of accounting occupation (through the Board of Trade where merchants should be registered) in the metropolis and in the colonies. Neu (2000) states that accounting techniques should be viewed as a type of software which operates as both a set of material practices and as a set of ideological effects to sustain colonialism. Indeed, accounting technologies are claimed to have had an unmistakable power in imperialism (Davie, 2000, p.340). Accounting made visible the relations between the metropolitan countries and the non-European countries at the peripheries.

The accounting rules developed by governments should not be regarded as neutral. Rather, they are part of power relations involving the regulation of individuals’ activities (through a series of norms and standards) in the process of ensuring the strength of the State and the efficient and effective collection of taxes in the Portuguese metropolis and colonies.

The role of accounting technologies within changing modes of government of economic life is something whose significance is beginning to be better appreciated and developed (Robson, 1991, p.552). Accounting education, accounting standardization and corporate governance techniques are considered important to develop business and to improve efficiency in the collection of public monies. Knowledge is central to the activities of government (Baños et al., 2005).

This study argues that accounting education, accounting standards and corporate governance rules are technologies of government that were articulated into wider social, economic and political power-knowledge discourses to stimulate the strength of the State, and impose a process of accounting change in both Portugal and Brazil.

Miller and Rose (1990) introduced the term “technologies of governance”. These are the mechanisms authorities use to shape, normalize and instrumentalize the conduct, thought, decision-making and aspirations of others to achieve the objectives that governments regard as desirable (Miller & Rose, 1990, p.8; Neu, 2006). The accounting rules issued by the State in the imperial period analysed (Letter of Law, 1761, Charter June 28, 1808) were intended to assist in increasing the wealth of the State. The 1759 Royal Decree and the Charter of 1809, through which the Schools of Commerce (in Lisbon by D. José I and in Rio de Janeiro by D. João VI) were founded, were important in diffusing DEB in the Empire.

Accounting is central to the act of governing. Accounting techniques allow knowledge of distant sites to be mobilized and brought home to centres of calculation (Miller & Rose, 1990, p.9). In this study, accounting technologies adopted by the government are analysed through the legislation issued. In conducting this analysis, we identify the conceptualizations, explanations, and rationales used by experts who elaborated the arguments.

3. Accounting in the Portuguese Brazilian Empire:

Pombal's mercantilist and corporatist regime (1750–1777)

Although DEB was known in Portugal in the 1500s, little is known about its early adoption (Rodrigues et al. 2003, 2004). Prior to 1750, Portugal's indigenous mercantile class was weak and commercial acumen was poorly developed. Consequently, it is believed that diffusion of DEB was not important until about 1750 (Rodrigues & Craig, 2004).

In 1750, the new King *D. José I* (King Joseph I) (1750-1777) appointed an enlightened diplomat, Sebastião José de Carvalho e Mello (later to become Marquis of Pombal, hereafter Pombal), to the post of Minister of Foreign Affairs and War. Portugal embarked on a program of political and administrative reforms that were conducive to the diffusion of DEB (Rodrigues & Craig, 2004). Pombal believed that State intervention was required to initiate and advance such developments and that it was necessary to create large and viable commercial houses, stimulate the creation of new industries, and provide Portuguese merchants with an adequate education in commercial affairs (Pombal, 1741).

One of the measures Pombal took was the establishment of the Board of Trade (*Junta do Comércio*) (Royal Decree, 30 September, 1756). This action was important in the institutionalization of the merchant profession and accounting occupation. It promoted the creation of several factories and encouraged the

adoption of DEB, with the help of foreign accountants. Pombal (1775, p.246) confirmed that accountants were “ordered to come from Venice and Genoa, for an amount of one thousand réis and three thousand cruzados.” In accordance with the corporatist regime, all merchants were required to be registered with the Board of Trade (Letter of Law, 30 August 1770).

Another important measure was the establishment of the School of Commerce by the metropolis government (Royal Decree, 19 May, 1759) to improve the education level of Portuguese businessmen (Rodrigues et al., 2003, 2004). The Statutes of the School of Commerce emphasized that the “lack of order in keeping the books is one of the most important reasons of merchants’ bankruptcy” (Royal Decree, 19 May, 1759, Introduction). Merchants were encouraged to enrol at this public school to develop their commercial skills. Accounting education was “viewed as a set of practices and rationales [that] could help to render operable the broad program of government embodied in mercantilist writings” (Miller, 1990, p.332).

Sousa and Sales, the first two teachers of the Portuguese School of Commerce were important propagators of commercial (including accounting) knowledge and the mercantilist State ideology of the regime of Pombal (Rodrigues & Craig, 2009). Students were taught commercial subjects, particularly arithmetic, algebra and geometry; exchange, weights and measures from different countries; insurance; and the DEB system (Rodrigues et al., 2003). At least 27 Brazilian students enrolled in this School between 1759 and 1794. The enrolment books of the third and fourth courses (about 69 and 61 students, respectively) show that about 21% of graduates went to work in the colonies, mainly Brazil and India (Rodrigues et al., 2004). Graduates of the School of Commerce played a strong role in improving the technical knowledge of merchants and public employees and became instrumental in the diffusion of DEB (Rodrigues & Craig, 2009).

The corporatist regime restricted access to various public posts to students of the School. The Letter of Law of 30 August, 1770 required bookkeepers, cashiers, ship’s clerks, army clerks, employees of privileged companies, and administrators in the Public Treasury to be graduates of the School of Commerce. Indeed, graduates of the School facilitated the growth in commercial transactions between Portugal and other foreign market-places. It is doubtful whether Pombal could have organised government accounting in the *Real Erario* [Royal Treasury] and have founded major trading companies if Portugal did not have a steady stream of graduates from the School of Commerce (Rodrigues et al., 2003, 2007).

Pombal believed it was necessary to create big and reputable merchant houses, capable of replacing those of foreign merchants (Pombal, 1742). His creation of

monopoly trading companies was deemed important to connect the Empire. These trading companies had important implications in the commercial and financial administration of the colonies, particularly in Brazil, where two important companies were founded: in 1755, *Companhia Geral do Grão Pará e do Maranhão-CGPM* [Grão Pará and Maranhão General Company]; and in 1759, *Companhia Geral of Pernambuco e Paraíba- CGPP* [Pernambuco and Paraíba General Company]. Both companies emerged after a petition to the King by Brazilians. In the petitions, the level of participation of metropolitan merchants was kept low. However, Brazilian regions were not allowed to control the companies since this idea was unacceptable to Pombal: it did not fit with his mercantilist ideas of strengthening exclusive trade with the Kingdom and encouraging traders in Lisbon and Porto (Rodrigues et al., 2009).

CGPM and CGPP were associated corporations (Carreira, 1983). They were established to develop the Brazilian economy through monopolies in trading African slaves and exporting colonial products. For 20 years these companies had a monopoly over the slave trade and trade in other goods throughout the Empire. The official purpose for transporting slave labor from Africa to Brazil was to introduce a more pliant and qualified workforce than that provided by indigenous people. Both companies were important in connecting the Portuguese empire and in facilitating the colonial policies defined by Pombal.

Although both companies were privately-owned, significant partnerships with the State were established.¹ By para 52 of the general statutes, the King licensed each company to consult him on matters not expressed in the statutes, which were unforeseeable when the statutes were drawn-up. This right was granted to ensure that the partnership continued throughout the time each company was established to operate. The consultation process was a “framework for dialogue” (Wettenhall, 2008) that facilitated the continuing control of the partnership by the State when circumstances changed. In the Portuguese Archives [ANTT] there are several documents that evidence the interface between the companies and the State. The companies collected taxes and there was a reciprocity of favours between the companies and the State. The companies committed themselves to maintain forts, warehouses and all that was necessary for the preservation of the territories of the Crown.

¹ Several of these privileges were established in the General Statutes of the companies. (They are available at the British Library: Instituição da Companhia Geral de Pernambuco e Paraíba, 1795, Lisboa: Na Off. De Antonio Rodrigues Galhardo, 1572/1006).

Figure 1: Shipping routes of the CGPP and CGGP

→ CGPM shipping route
----- CGPP shipping route
Source: Carreira (1983, p.57)



Pombal believed that “although the State has a big interest in external commerce, profit with the colonies is much more lucrative. Not only is this commerce more useful, but it is also less risky” (Pombal 1741, paragraph 19). To accomplish this objective, Viceroys and Governors who shared Pombal’s corporatist and mercantilist ideals were appointed to administer the colonies – the “Pombalism Governors” (Bellotto, 1986, p. 277).

The use of DEB was compulsory in all chartered Pombaline² companies. Corporate governance rules were similar for all companies: they disclosed annual detailed and summarized balance sheets to all interested shareholders. The need to disclose information annually was related to the requirement that directors should render accounts prior to profit distributions. This summary was very important for shareholders, since it disclosed profits and the appropriation of profits. The difference between total profits and distributed profits helped calculate

² The Pombal period is usually referred to “Pombalism.” “Pombaline” is the word used to refer to Pombal’s reforms.

accumulated profits. After dividing share capital plus accumulated profits by the number of shares, the accounting price of the share was determined as a quotation for share transactions (Rodrigues et al., 2009).

Another important measure implemented by Pombal had implications for Portuguese colonies, particularly Brazil. This was the creation of the Royal Treasury (1761) to help increase State income through a more efficient collection of public money, both in the metropolis and in the colonies (Gomes et al., 2008). With the establishment of the Royal Treasury (superseding the *Casa dos Contos* [Customs House] that was destroyed by the Lisbon earthquake in 1755), Portugal adopted DEB for the first time to manage public finances (Letter of Law of 22 December 1761). DEB was regarded as the best method to adopt since it was implemented by what was regarded as “all the civilized Nations of Europe”. It was considered to be the most simple and clear method to organize the administration of the public moneys and to help prevent frauds (Title XII). The accounting rules issued by the King, Pombal and his experts were justified by the need to make collections of public monies more effective and efficient. The State needed regular and exact collecting of revenues “to pay all expenses related to the King, the ministers, courts, military organizations, people security, pensions, and interest on State borrowings” (1761 Letter of Law, p.1). However, DEB was required by the 1761 Letter of Law to be adopted at the level of the four *Contadorias Gerais* [General Control Offices] in Lisbon. Single entry bookkeeping was applied at other different levels, including Brazil. The central standardization system adopted comprised the 1761 Letter of Law and the Instructions.

Instructions sent to the colonies show that the key factor explaining the restricted adoption of DEB at the General Control Offices, was the lack of expertise in the colonies with DEB (Gomes et al., 2008). One important objective of the Lisbon authorities in elaborating these instructions was to standardize methods and procedures. The 1761 Letter of Law stated that the objective was to ensure the collection of public money was not arbitrary and subject to diverse formulas. Uniformity would permit an official from one Captaincy to move to another without anything seeming new to him. In many cases, Royal Treasury officials were sent from Lisbon as bookkeepers and clerks, to ensure correct application of the instructions, and to assist in implementing the new system (Gomes, 2009).

The rise of physiocrat and liberal ideas during the reigns of D. Maria I and D. João VI (1777-1822)

In 1777, with the death of D. José I and the ascent to the throne of his daughter Dona Maria I, Pombal was immediately replaced by Martin de Castro e Melo. This led to the so called “turnabout”: everything done by Pombal was criticised and many political and economic changes were undertaken.

From 1777 until 1787 the number of deputies who were responsible to the management of the Board of Trade decreased because their contracts were not renewed (Ratton 1813/1920, p.202). In 1788, the Board changed its name to Real Junta do Comércio, Agricultura, Fábricas e Navegação destes Reinos e seus Domínios (Royal Board of Trade, Agriculture, Factories and Navigation from this Kingdom and all her Dominions). The President was no longer from the commercial world but was a noble. The power and influence of the commercial and mercantile world began to fade (Ratton, 1920).

A major effect on commerce was that, to a large extent, monopoly privileges (like those attributed to the Brazilian chartered companies) were viewed with less favour. By Decree of January 5, 1778 Queen Maria I (Mary I), after consulting the Board of Trade, ended the exclusive 20 year privilege over trade and navigation that Pombal had granted to the Brazilian companies.

Enrolments at the School of Commerce increased until the fifth course (beginning 1776) but began to decline gradually after 1776 (Rodrigues et al., 2004). Consequently, the period witnessed some deregulation of arrangements governing accounting. Pombal’s policies had two main effects: agriculture was neglected and commerce protected; and the pervading intervention of the State hampered the action of individual economic agents. Portuguese authors became more receptive to French physiocrats³ who began to be influential by the beginning of the 1780s. The Royal Academy of Sciences of Lisbon was the main centre for the diffusion of their ideas (Rodrigues & Craig, 2004). The “*Memorias economicas da Academia Real das Sciencias de Lisboa, para o adiantamento da agricultura, das artes, e da industria em Portugal, e suas conquistas*” (“Economic Memories by The Royal Sciences Academy for the advancement of agriculture, arts and industry in Portugal and overseas”) published by the Royal Sciences Academy in 1789 is an example of the popularity of physiocratic ideas in Portugal. The term “Physiocracy” means “rule by nature”. Its fundamental premise was that developing a strong agriculture was the necessary ingredient in national prosperity, and that industry, technology and commerce should be subservient to it.

³ Physiocrats were a group of eighteenth-century French economists who believed that the land is the ultimate source of all wealth.

At the time of D. Maria I (1777-1816) no significant administrative and tax reforms were undertaken. However, on 5 January, 1785, D. Maria I published a Charter requiring the destruction of all factories in Brazil. Since the population of Brazil was sparse, the Queen considered that there was a lack of laborers to work in agriculture. This was a consequence of the physiocratic ideas of the period. In the Charter she stated:

The large number of factories and manufacturers, that have been established in the last few years in different captaincies of Brazil, have damaged culture, agriculture, and mineral exploration of this vast continent. Because there is lack of population, it is evident that the greater the number of manufacturers, the less will be the number of farmers.

Although this was considered as an example of a repressive metropolis policy, the order should also be understood in the context of the physiocrat ideas of the period. Novais (2000) argues that the main purpose for this Charter was to control commerce in the Empire and to assure Brazil was kept mainly agricultural while the metropolis would supply manufactured goods. This would avoid Brazil becoming self-sufficient. The Charter was not complied with completely. Only a few looms were seized, mainly in the most important cities, Rio de Janeiro and Salvador. From 1792, due to mental illness, the Queen's oldest surviving son Prince D. João ruled in her name. He assumed the title of Regent in 1799 until he succeeded to the Crown as D. João VI, in 1816.

The beginning of the nineteenth century was a very volatile period in the Portuguese Empire. In 1808, after avoiding capture by the invading Napoleonic Army under the command of Marshall Junot, and following the advice of the British Government, the Queen and the Royal Family and many courtiers fled to Brazil, escorted by warships of the British Royal Navy. The situation created by the arrival of the court in Brazil in January 1808, transformed the colony into the metropolis. On 1 April, 1808 the Charter of 5 January, 1785, requiring the destruction of all factories in Brazil, was revoked by D. João, the Prince Regent.

The transformation of Rio de Janeiro into the new capital of the Empire necessitated a reorganization of local public finances. By the Charter of June 28, 1808, D. João created the Royal Treasury in Rio de Janeiro, mimicking the 1761 Letter of Law (which was considered by the Prince as "the healthy 1761 Letter of Law"). "After being advised by smart and cultured people belonging to my Royal Service", his aim was to centralize collection of public monies and administration of the treasury (p.1). This law introduced DEB in the Brazilian governmental accounting. As with the 1761 Letter of Law, this charter established that DEB

should be used in the three General Control Offices administrating the following regions: 1. Rio de Janeiro city and region; 2. East África, Portuguese Asia, and the Brazilian regions: Minas Gerais, S. Paulo, Goiás, Matto Grosso and Rio Grande de São Pedro do Sul; 3. Cape Verde Islands, Azores, Madeira, West Africa and the following Brazilian regions: Bahia, Pernambuco, Maranhão, Pará and Piauí.

Several important measures were implemented to make Rio de Janeiro the capital of the Portuguese Empire. By the charter of 23 August, 1808, D. João created in Brazil the Board of Trade, Agriculture, Factories and Navigation from this State and all her Overseas Dominions. Several important differences can be found when compared with the metropolis Board of Trade restructured in 1788: there was an emphasis on free trade and freedom to create all kinds of factories in Brazil. Chaves (2006) states that, the strengthening of liberal discourse in Brazil and liberalization of commerce, as a consequence of the liberal ideas, was a source of conflicts. The liberalization of the street trading (by hawkers and women) irritated Brazilians.

Another measure was the creation of the National Bank (later called *Banco do Brasil* or Bank of Brazil). This was considered important to support the Royal Treasury and to develop commerce. Statutes were published by Charter on 12 October, 1808. The new bank was considered a privileged⁴ joint stock company (share capital was 1.200:000\$000 *reais*, 1,200 shares, par value 1:000\$000), since it would have the right to deal with public transactions and would charge a 2% commission. The corporate governance rules were similar to the previous CGGP and CGPP: only Portuguese people could manage the company (art. X); directors were the most important shareholders; shareholders could vote only if they had five shares (art. XI); the first directors were nominated by the regent, but subsequent directors would be nominated by the General Assembly and confirmed by law. The nominated shareholders should always hold the greater number of shares (art. XIII).

The Charter of June 28, 1809 is also a significant hallmark of commerce education in Brazil. Two schools were created (the School of Commerce of Rio de Janeiro; and the School of Pernambuco and Bahia). These were necessary to train professionals in DEB, and to improve the public collection of money (Peleias et al., 2007). The schools were an extension of the Lisbon School of Commerce founded in 1759 by Pombal. In a decree, the regent pointed out that it was "... absolutely necessary to study the Economic Sciences [...] and as I know that José da Silva Lisboa [...] is very skilled to teach that science, and without learning it we

⁴ The statutes established that privileges would be for twenty years (art. II).

only can walk blindly or with very slow steps, [...] I give him permission to conduct a Chair in this Public School in Rio de Janeiro that I am creating with this decree” (Charter of 23 February, 1808).⁵ The Schools would be financed, as with the School of Lisbon, by the Board of Trade (Charter of 15 July, 1809). The nominated teacher, José da Silva Lisboa, was a graduate in Canonic and Philosophic Law from the University of Coimbra. His studies on political economy were among the first to address the issues of liberalism in Brazil (Bohrer, 2008). It is unknown if he effectively taught at the School of Commerce of Rio de Janeiro but it is certain that his books were used in classes (Chaves, 2009). José António Lisboa taught at this School from 1809 to 1820, when he retired (Chaves, 2009)

In 1811, the School of Commerce of S. Luis do Maranhão was created. Because the teacher was incompetent and unable to teach commerce (Ricardino, 2001), it ceased in 1820. This School was re-established in 1832. The teacher, Estevão Rafael de Carvalho, is the author of the first Brazilian book on accounting: “A Metafísica da Contabilidade Comercial” published in 1834 (The Metaphysics of Commercial Accounting) (Ricardino, 2001).

Although there were similarities with Lisbon School of Commerce, there was a main difference: in Lisbon the manuals emphasized the mercantilism and in Brazil José Lisboa’s studies on economic liberalism were adopted. Unlike what happened in Lisbon, private Schools soon appeared as a consequence of the economic liberalism thinking of the period (Chaves, 2009).

The Portuguese court returned to Lisbon in 1821. Prince Pedro remained in Brazil and was given wide power to govern. However, some months later, the Royal Treasury, the Board of Trade and other important boards ceased to exist. Power was again concentrated in Lisbon. With the extinction of many bureaucratic boards, unemployed people started to clamour for independence.

Discussion

This paper examines aspects the role accounting played in Portuguese imperialism. It fills a gap in the documented history of accounting by exploring how accounting technologies helped produce calculative knowledge in the imperialism context (Davie, 2000). Specifically, it explored how the imperial centre contributed to the construction of an imperial arena of accountancy.

⁵ Coleção Leis do Brasil, Imprensa Nacional, vol. 1, p. 2, Ricardino (2001).

When Pombal's corporatist and mercantilist regime is analysed, we can observe that accounting technologies helped to connect the Empire. The 1761 Letter of Law, through the simplified single entry method, connected Lisbon with the Empire, particularly Brazil. Accounting technologies, once imposed, were used as an integral part of imperial policies and activities.

DEB was imposed by Pombal on the Pombaline companies (particularly in the case of Brazil, on the CGGP and CGPP). Although the headquarters of these companies were in Lisbon, they had offices in Brazil. Therefore, DEB was transferred indirectly to Brazil. Also, the School of Commerce of Lisbon had several Brazilian students who transferred knowledge of accounting technologies when they returned to Brazil.

When we analyse the regimes of D. Maria I and her son, D. João VI, we can see that mercantilist and corporatist ideas were slowly replaced by physiocrat and liberal ideas. As a consequence of new economic and political ideas, the monopolist Brazilian companies lost their privileges. The new economic regime did not support the public-private interface and the companies went bankrupt a few years later. Additionally, the School of Commerce, which was so important in diffusing DEB and mercantilism in the metropolis and Brazil, began to lose influence.

With the French invasions (1807-11) and the associated disruptions, the Queen and the Royal Family and many courtiers fled to Brazil, where they transformed the colony into the metropolis. The transformation of Rio de Janeiro as the new capital of the Empire demanded a reorganization of local public finances. There the prince regent, D. João created the Royal Treasury, the Board of Trade, and Schools of Commerce. Similar accounting technologies that Pombal had used to connect the empire from the metropolis were established in the colony. Again, they were considered important to connect the empire. The accounting technologies that were proved to be efficient in connecting the empire were used when the Empire was felt to be at risk. But, although they were similar, in Brazil accounting technologies were influenced by the new economic and political context. The Board of Trade and the Schools of Commerce were influenced by the new fashionable ideas of physiocracy and liberalism.

As a consequence of the liberalism, intervention of the State in Brazil was reduced when compared the observed with Pombal who created several privileges companies which worked in a partnership with the State. The Bank of Brazil is an exception and it was an innovation of the time.⁶ What did not change was the

⁶ The first bank of Portugal was Banco de Lisboa (Bank of Lisbon) and it only appeared in 1821. However since Pombal that government was intending to create a bank (see for example, a document

centralized State. DEB in governmental accounting was again associated with need to strengthen the State in a different place, in Brazil.

With these measures, DEB and technologies of accounting spread definitely in Brazil. They helped to make Brazil ready for independence. Soon after, the Portuguese court returned to Lisbon in 1821. D. Pedro I (1822-1831) proclaimed Brazil's independence from Portugal (on September 7, 1822).

Legislation:

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http://www.brown.edu/Facilities/John_Carter_Brown_Library/CB/indexes/laws_1809_p2.html. Access on 16 March 2011.

from 1761: “while the Mercantile bank is not founded”, ANTT, CGPP, Livro 1º de registo de decreto, alvarás, leis, Book 397, sheet 48). Until there public monies were deposited in “Depósito Publico” (Public Deposit) which worked like a safe.

ANTT (Portuguese Archives), CGPP, Livro 1º de registo de decreto, alvarás, leis, Book 397, sheet 48.

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