

**Professionalisation in a Centralised State:
The Development of Accountancy in Brazil**

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Abstract

The political history of Brazil includes a period of colonization by the Portuguese, the establishment of an imperial court, a period of rule by various military juntas, dictatorship and democracy. Drawing on archival based research conducted in Brazil, this study focuses on the forces that transformed the *modus operandi* of accountants in this country within this changing context, at times constraining and at times providing opportunities in their quest for professional status. Perceived as a low-status occupation since colonial times, the pursuit of professional status was driven by those with superior educational qualifications as a mean of differentiating themselves from those with only practical experience. Such activity peaked between 1900 and 1946, a period of dictatorship and centralisation, and was only successful because some of the key protagonists were in positions of power within the centralised state. Unlike professional projects in the Anglo-American mode, here the emphasis was on legislating for improved educational qualifications which then provided a platform for professional organisation. Emerging as the product of such legislation, a national accounting body was created in 1946, although issues pertaining to the dedicated functions of accounting professionals and their perceived status remained unresolved.

Introduction

Recent years have witnessed a proliferation in the literature pertaining to the professionalisation of accountancy. Although originally focussed on the development of the profession in countries where archival data was perhaps more readily accessible, for instance Britain, America, Australia, and Canada, this literature has also encompassed professionalisation stories originating in continental Europe (Seal et al., 1996; Ramirez, 2001; Caramanis, 2002; De Beelde, 2002; Rodrigues et al., 2003), Japan (Sakagami et al., 1999), China (Yee, 2009), the Philippines (Dyball et al., 2007) and various former British colonies (Annisette, 1999; Bakre, 2001; Uche, 2002; Bakre, 2005; Sian, 2006). This latter category, in particular, has seen an escalation in contributions from researchers based in or undertaking research in the non self-governing former British colonies. Whilst problems associated with undertaking such research, in what is now often classed as the developing world, have already been highlighted, it is fair to say that the often meticulous record-keeping by the servants of the imperial power both in Britain and her former colonies has facilitated the possibility of unearthing long forgotten data. This in particular perhaps accounts for the preponderance of contributions originating from the English-speaking world.

Drawing primarily from Portuguese language archival data, papers and the original relevant legislation¹, this study sets out to trace the emergence of professional accountancy in Brazil. The aims of this study potentially make it an important contribution to the extant literature for a number of reasons: firstly, it focuses on a Latin-American country that is a former Portuguese colony and provides an interesting contrast to the existing studies in this field; secondly in light of a literature that currently espouses

¹ The research was primarily conducted in Brazil. Libraries visited included: The National Library of Rio de Janeiro (*Biblioteca Nacional do Rio de Janeiro*); Library of Federal Senate in Brasilia (*Biblioteca do Senado Federal in Brasilia*), National Archive of Rio de Janeiro (*Arquivo Nacional do Rio de Janeiro*); Library of the Syndicate of Accountants of the County of Rio de Janeiro (*Biblioteca do Sindicato dos Contabilistas do Municipio do Rio de Janeiro*); Library of the Regional Council of Rio de Janeiro (*Biblioteca do Conselho Regional de Contabilidade do Rio de Janeiro*); Library of the Regional Council of Minas Gerais (*Biblioteca do Conselho Regional de Contabilidade de Minas Gerais*); Library of the Regional Council in Brasilia (*Biblioteca do Conselho Regional de Contabilidade in Brasilia*); online Library of the House of Parliament (online *Biblioteca da Casa Civil da Presidencia da Republica*). The research also draws from various formal and informal interviews with Brazilian accounting professionals and academics. These sources were then translated by the corresponding author and cross referenced and checked against other available secondary data.

the significance of a colonial inheritance, this study assesses the strength of such argument in this former Portuguese colony; thirdly, and perhaps more akin to some of the cases of continental Europe cited above (Ramirez, 2001), it examines the importance of the context within which professional development occurs and highlights, in particular, the inextricable linkages between local political developments and ideologies and professional organisation; finally, it challenges the existing notions of closure within the context of professionalisation, many of which have emerged in an Anglo-American context.

Following a section that historically contextualises the study, the body of the paper is organised chronologically in three distinct periods: 1900-1930, the period in which suppliers of accounting services first began to agitate for organisation in order to differentiate themselves from those without a formal accounting education; 1930-1932, when new accounting legislation regulating the education of accountants was introduced as a means of defining the jurisdiction of the occupational group and the differentiated levels within it; and 1933-1946, when, amidst regime change, legislation was first introduced for a national professional accounting body with regulatory powers.

State, politics and the profession

Theoretical conceptualisations of professionalisation (Larson, 1977; Abbott, 1988; Macdonald, 1995) are so firmly rooted in the Anglo-American tradition that it has been argued that their ability to propagate wider sociological generalisations are seriously undermined (Torstendahl, 1990). However, this does not render them redundant, rather they may be envisaged as representing one end of a spectrum constructed upon the capacity of professional groupings to freely initiate organisation and to regulate themselves independently of the state.² Whilst the role of the state in the Anglo-American professionalisation model is sometimes “regarded as a neutral influence” (Willmott, 1986), although there is ample evidence in the accounting literature to suggest that this is

² Generally the “state” refers to a means of centralised administrative control over a defined geographical area, encompassing polymorphous power networks. There are various forms of “state” to be found in different societies and therefore variant state-profession relationships. For a more comprehensive discussion see Macdonald, 1995, p.67-70.

not the case (Johnson, 1982; Miller, 1990; Chua and Poullaos, 1993; Sikka and Willmott, 1995), studies of professional organisation in other societies have highlighted cases further along the spectrum which exhibit much stronger state-profession linkages. These can range from societies in which the state exercises control and almost vitiates professional autonomy to societies in which governments have sought to legislate for professions in the name of nation building. In such cases, the creation and development of professions is inextricably intertwined with the extant ruling regime and their political agenda and can be seen to modify and mutate with a transitioning political climate. Despite such variations, the state-profession relationship is present to some degree in all stories of professionalisation, as the very essence of professionalisation is the capacity to create a monopoly for services and such monopolies can only be granted by the state.

The importance of the role of the state and contextual significance in professionalisation trajectories is well documented in the sociology literature. Burrage et al. (1990), in their “actor-based framework for the study of professions”, identify the state as a key actor.³ Using this framework, they identify national differences based upon the influence of these actors on the initiation of professionalisation (Burrage et al., 1990). Such notions are reiterated by Macdonald (1995)⁴ in his comparison of the cases of Britain, the US and continental European nations (France and Germany). He also draws attention to the extent of state centralisation that exists in the formative period for professional organisation and suggests that: “the professional project seems best able to prosper where civil society penetrates the state which in consequence is pluralistic and decentralised.....(where) the state is willing to hand over important functions to those in society who are interested in them, given certain safeguards (the regulative bargain)” (p.96).

The extent of state centralization has two additional consequences for professional organisation: the claim to specialist knowledge and the “high occupational status honour”

³ They view the social position of knowledge-based occupational groups as the result of the activity and interplay of four key “actors”: practising professionals; the state; users of professional services; universities. Abbott’s work suggests an additional fifth actor: other professions (Abbott, 1988).

⁴ Drawing from the work of Mann (1993) and others.

(Collins, 1990, p.36) and prestige accorded to professional organisations. In the Anglo-American model specialist knowledge is appropriated by the professionalizing group, which exercises control over entry, training and education and institutes “some formal measure of competence such as a professional qualification which is accepted as being the basis for performing certain types of work” (Roslender, 1992, p.23). Conversely, in continental Europe the regulatory role of the state has resulted in locating the education of professionals in the universities whilst at the same time circumscribing the freedom of professional associations (Burrage et al., 1990). In France, the state initiated health and education programmes, which benefited the knowledge-based professions in terms of their technical knowledge and post-revolutionary governments (post 1896) created universities⁵, which were used to educate entrants to the civil service (Macdonald, 1995), who occupied higher status positions than those in the professions. This also meant that academics, rather than practitioners, had greater control over educational standards and entry to the professions. Similarly, in Germany⁶ the state had an important role in developing higher education as a means of educating those required to run the administrative system. Thus knowledge-based activity, here too, was centered within the civil service rather than independent professional bodies. Therefore, occupational professions in Europe attained status and security not through ‘market shelter’ but by members attending elite state-controlled educational establishments (a *gymnasium* in Russia, an *Akademiker* in Germany, a *grande ecole* in France) which guaranteed them elite positions on graduation (Freidson, 1994).

The extent of state centralisation and the strength of profession-state relations is also a fundamental determinant of the social standing and prestige attained by professional organisations (Portwood and Fielding, 1981; Burrage et al., 1990; Burrage and

⁵ The schools of law had a lower status than the Grande Ecoles and therefore lawyers ranked below civil servants in France. Additionally, academics were a source of legal advice for the civil servants and therefore they had a higher status position than legal practitioners (Macdonald, 1995). In medicine professional groups also had close linkages with the state and were regulated by a system headed by the King’s Surgeon.

⁶ Germany was not a unified state until 1871, prior to which it was constituted of a number of principalities. Conditions in Germany were very different to those in France or Britain: power was concentrated within the hands of the state rather than being dispersed down to the gentry and civic institutions; the geographic dispersion of principalities meant that there was no commercial centre and cultural conditions for the development of professions did not exist.

Torstendahl, 1990). Such status can be reinforced through either traditional means (aristocratic education or characteristics, location in corporate bodies such as Inns of Court, Royal Colleges or ‘ancient’ universities, Royal Charters) or modern means (systematic training and testing, registration and licensing) and is associated with higher economic rewards and potentially connections with power (Larson, 1990; Macdonald, 1995). The former has perhaps historically been significant in instances of professionalisation in Britain, whereas the latter apply more generally.

In accountancy, there are various examples highlighting the significance of state centralisation and power in professional organisation (Ramirez, 2001; Caramanis, 2002; De Beelde, 2002). Commenting on the case of accounting practitioners pursuing institutionalisation in France, Ramirez (2001) shows how prior to WWI the attempts of elite accountants to differentiate themselves from others in the accounting field⁷ were curtailed by the absence of connections with both the state and academia, apparent in other more established professions such as engineering. Their capacity to exercise control over the market for accountancy services was further diminished following new tax legislation and having failed to gain public recognition, the practitioners had to turn to the French state for legitimisation.⁸ Such conditions were specific to the French case, deriving mainly from the lack of influence of financial markets and the perception of

⁷ In the pre-war period engineers were the main professional grouping dominant in French companies and they, rather than accountants who were in “secondary positions”, developed accounting techniques in areas such as cost accounting. Their influence derived from established connections between the academic field, the state and the business community propagated by the elitist *grandes ecoles* (p.393). Financial accounting experts included civil servants and economists. Auditors, too, were not required to be accounting experts and often undertook audits as a subsidiary occupation. These factors, along with the lack of recognition of an accounting science and the lack of accounting research and teaching (regarded with some disdain in higher education) hindered early professionalisation in France. By 1912 members of the Societe had launched a project to form the *Compagnie des experts-comptables de Paris* although a very limited membership became a direct consequence of setting such high entry standards in their attempts to raise the profile of the elite accountants.

⁸ A decree was signed in 1927 that established a diploma (the *brevet d’expert-comptable*), which included a requirement for candidates to train with a senior *expert comptable* for five years, actions that would confer upon the profession a certain social standing, whilst at the same time attract a large enough base of people to create the reputation that they so coveted (p.404). The introduction of such state-approved credentials did bring to the fore the issue of where to set the “ring fence” and transitional arrangements were sought for the existing practitioners to be admitted to the *brevet*. Although necessary for the creation of an accounting profession, the *brevet* was not the Holy Grail in the search for social prestige. Similarly, the audit profession too was open to individuals from diverse backgrounds and attempts to affect closure encountered the opposition.

auditors and accountants. The professionalisation of accountancy in France was achieved shortly after 1942, mainly the result of rapid and momentous economic and social shifts sponsored by the state and utilised as a backdrop for the conferment of a new legitimacy upon accountants.

The accounting literature also highlights cases where professional organisation is initiated through state-sponsored legislation. Many of the ex-colonies of the British Empire fall into this category as they established professional accountancy associations via legislation as part of the new state's programme of nation-building (Bakre, 2005; Verma and Gray, 2006; Sian, 2007a). In such cases, it is clear that there is perhaps a need to assign weight to the political agenda of those in power, the power network that professionals are able access and the associated cultural environs in the different phases of development of professional organisations. In the case of India, for instance, conflict existed between the state and the accounting professionals, as the wishes of the latter to emulate the British model of professionalisation were thwarted by the political aspirations of the new independence government (Verma and Gray, 2006; Verma, 2010). Similarly in the case of Nigeria, Uche shows how a strong state was able to exert control over professional organisation and development. Here changes in the regime and the political agenda were catalysts for change in the path of professional development (Uche, 2002).

The power of the state, its political agenda and the degree of centralisation are all themes that are significant in the professionalisation of accountancy in Brazil, the focus of this study. Before we turn to the development of accountancy in the country, by way of contextualisation the next section highlights key economic and socio-political developments in the country's history and is important in later helping to understand how and why the extent of centralisation impacted upon professional organisation.

Historical context: From colony to imperial power to centralised autocracy

Although the focus of this paper is restricted to the period between 1900 and 1946, a period of peak activity with respect to accounting development, a wider analysis of Brazilian history can assist in contextualising the professionalisation process here as it is

strongly connected to societal divisions installed in colonial Brazil and the centralisation of power within government.

The Portuguese have a long association with South America⁹ and the first royal governor, Tome de Sousa, was dispatched to Brazil in 1649 by the then Portuguese King, Dom Joao III (Fausto, 1999). Engaging in international trade was an opportunity for Portuguese merchants to seek wealth, a source of prestige for the royal court and provided the Church with a means of spreading Christianity to the Amerindians¹⁰ (Fausto, 1999). As a result of their exploration of the African coast, the Portuguese became prolific slave traders and in Brazil used African slave labour in preference to Indian labour because of their productivity in the sugar plantations (and later in the tobacco, cotton, rubber and coffee industries).¹¹ Beyond the distinction between the free and the enslaved, the presence of the various racial groups made for a hierarchical colonial society in which “purity of blood” was a means of social segregation¹² (Fausto, 1999). Race-based societal organisation, the state as a “centralising agent” and the status afforded to those holding certain positions or involved in particular trades would leave a legacy lasting well beyond the colonial period.

Brazil was ruled from Europe until Portugal itself was invaded by Napoleon in 1807. In an attempt to circumvent occupation, the ruling Portuguese monarch, Dom Joao VI,

⁹ The Portuguese had established themselves as long-distance international traders as early as the 15th century. The growing use of money in the region, their involvement in trade with Arabs and other Muslims in the Mediterranean, the stability endowed by the monarchy, advances in sea-faring technology and their proximity to the Atlantic and the African coast may all have been factors facilitating Portuguese international commercial endeavour (Fausto, 1999). Alvares Cabral is credited with first sighting and claiming Brazilian land in 1500, although other Europeans may well have arrived earlier. Although the main centres may have been secured, the Portuguese faced wars and skirmishes in various parts of the colony at various times.

¹⁰ The Amerindian population was decimated by new illnesses introduced by the Europeans. Some became allies in the quest for Brazilwood, others were forced into labour and others resisted (including “self-isolation” through migration towards less fertile areas as a means to preserving their heritage).

¹¹ By 1638 Africans made up the entire slave labour force, replacing the Amerindians (Fausto, 1999, p.37).

¹² Those of “impure blood” included the New Christians, free blacks, Indians and those of mixed racial origin. Those of pure blood were the nobility or those holding office, those with Portuguese origins or connections, the rural landowners, the “old” or original Catholics and latterly wealthy merchants. One of the largest influxes of Portuguese immigrants accompanied the discovery of gold, diamonds and precious metals in the latter part of the seventeenth century. For a more comprehensive analysis of colonial society and structure see Fausto, 1999.

transported his entire court (up to 15,000 people) to Brazil accompanied by a British fleet.¹³ The arrival of the Royal family and their administration in Rio de Janeiro transformed the city,¹⁴ although discontent spread, particularly in the army, as the crown continued to prioritise Portuguese interests (Fausto, 1999). Such discontent was to form the basis of various uprisings and revolutions.¹⁵ Although Napoleon had been defeated in Europe by 1814, the King Dom Joao remained in Rio as King of Portugal, Brazil and the Algarves until 1821. He then returned to Portugal under fear that he might lose his throne there and on leaving Rio installed his son, Dom Pedro as Prince Regent. In 1822, prompted by calls for his return to Portugal and dispatches from Lisbon which quashed his decrees and accused his administration of high treason, Dom Pedro presided over the decision to break from the mother country, declaring independence as colonial Brazil became imperial Brazil. An emancipated Brazil sought international recognition which was assisted by gaining British recognition in return for free access to Brazilian ports and markets.¹⁶

The remainder of the imperial period¹⁷ was characterised by: a centralisation of power in the hands of the emperor and the creation of a National Guard to facilitate this and maintain stability; the creation of a parliamentary form of government via a Council of Ministers in 1847; the rise of coffee as an export commodity; a halt to the arrival of new slaves on Brazilian shores (following British pressure, although the internal slave trade

¹³ The British had lost their American colonies in 1776 and in search of new markets had entered into trade agreements and alliances with local merchants to enter the Brazilian market. The Portuguese initially sought to restrict British activity in their colony but were to some extent reliant upon the British (for trade, the protection afforded by her Navy and the need for Britain to defeat Napoleon in order to recover the motherland) and eventually opened Brazilian ports to British traders in 1808. In return for their protection the British demanded that the Portuguese end their involvement with slavery – which they did in a limited manner by restricting their trade to their own territories.

¹⁴ This period saw the introduction of libraries and theatres, the publication of newspapers, the establishment of new academies in science and literature and the arrival of new immigrants not only from Portugal, but also Spain, France and Britain.

¹⁵ For a comprehensive analysis see Fausto, 1999.

¹⁶ Britain's free access to Brazilian markets was significant in helping Brazil to integrate into the global economic system and access world financial systems. Britain was, at the time, the world's banker and most of Brazil's credit and loans were arranged with Britain. Whilst Britain was opposed to slavery in the country, it was in their interest to ensure a united Brazil, which was their biggest market in the region and was a relatively stable monarchy surrounded by many less stable Latin American republics.

¹⁷ Dom Pedro I left for England in the hope that he might regain the Portuguese throne from his brother Dom Miguel. Until his son, the young Dom Pedro II, became of age in 1840, Brazil was run by "regents" – politicians acting in his name.

continued)¹⁸; a rise in immigration¹⁹ as a means of replacing slave labour; the Paraguayan War from 1864-1870 and following that the emergence of the military as a force for change. The latter, in combination with the rise of the republican movement and the ill health of the King, created pressure for Brazil to abandon the monarchy in favour of a provisional military government lead initially by Marshal Deodoro da Fonseca in 1889.

The First Republic existed between 1889 and 1930 in the form of a federation, administered by the federal government. It consisted of three branches (*Poder Executivo, Legislativo* and *Judiciario*) – namely the president (heading a government of ministers of his choice); the legislative bodies of the Chamber and the Senate; and the Supreme Tribunal which was endowed with the power to declare the laws of the legislative unconstitutional (Loewenstein, 1942). Centralisation of authority continued to be paramount and the centre retained the right to intervene in the affairs of individual states as necessary. Previously strong connections between the state and church were dispensed with and in an interesting turn, given the hierarchical nature of Brazilian society, immigrants were offered the opportunity to be naturalised in new attempts at integration. A key feature of the early part of this period was the growth in business activity, speculation, establishment of new businesses and banks, all facilitated by increasing the supply of money and the ease of obtaining credit. This growth was soon tempered by a financial crisis as stock prices and the Brazilian currency plummeted and British credit became scarce. Despite a degree of political stability, tensions remained and the period was witness to not only a civil war in 1893, but also various regional conflicts. However, the military remained supportive of the fledgling democracy and only two military men assumed the office of president in the period. By 1897 the price of coffee, Brazil's highest export earner, had dramatically fallen resulting in a significant downturn in the country's economy and an increased national debt.²⁰ The First World War had a

¹⁸ The end of the slave trade freed up capital to be used in other new industries such as cotton, banks, steamship companies, railways and road building programs. In attempts to regulate some of this business activity the first Commercial Code was introduced in 1850. Slavery was finally abolished in Brazil in 1888.

¹⁹ In addition to Portuguese, in the 1840's German and Swiss immigrants arrived and also Italians and Spanish by the 1870's and later by the 1930's Japanese immigrants arrived in Brazil.

²⁰ Reacting to the coffee surplus, the government put in place a financial agreement that effectively meant they would buy and stockpile surplus coffee on the market in an attempt to control the price and then

significant impact upon Brazil as imports from Europe were restricted and local manufacturing was developed incentivised by the government, many financed by Britain or revenue from coffee exports.²¹ Spiralling inflation and debt, a collapsing currency and the rise of communism in parts of Europe and elsewhere (encouraging the unification of Brazilian workers) were key factors in the civil unrest seen between 1917 and 1920, culminating in a series of large strikes and the rise of dissatisfaction and the young “lieutenants” rebellion in the army and eventually the 1930 Revolution that resulted in the military deposing the president. A temporary military junta was installed, but was replaced (by popular pressure) by the civilian government of Getulio Vargas on the 3rd of November 1930, which remained in power until 1945.

The Vargas Government (the second republic) consolidated the centralization of power, promoted greater industrialisation, began to recognise unions and the need to protect workers and their rights, reinstated relations with the Church, continued to afford the military a central role and expanded and centralised education through the Ministry of Education and Health created in 1930.²² In 1934 a new constitution, modelled on that of the German Weimar Republic, was inaugurated. Events in Brazil were shaped at the time by developments in Europe, where authoritarian ideologies were gaining ground – Mussolini in Italy, Stalin in Russia and the Nazis in Germany – and authoritarianism became a trait of the Brazilian state. Against a backdrop of continued ideological conflict between the liberals and the communists, unrest amongst workers and the military, calls for the overthrow of the government and a failed uprising in 1935, Vargas’ government embraced authoritarianism. The culmination of this was the inception of the Estado Novo (new state) dictatorship in 1937, an entrenched political regime that centralized power even further legitimised by the inauguration of a constitutional charter. A key feature of

release it onto the international market at opportune moments. Brazil’s foreign debt continued to grow and by 1928 it had the largest debt in Latin America.

²¹ For instance, textiles, cement, wine and other beverages, cattle products, electric companies, steamships and tramways and insurance.

²² In 1934 the University of Sao Paulo was created and in 1935 the University of the Federal District. Between 1929 and 1939 there was a 60% increase in the number of university students in the country.

Vargas' regime was the development of the country through industrialisation²³, supported by the expansion of education both of which had key consequences for the subject under study here. The charter restricted access to natural resources in the country to Brazilians and put in place legislation to ensure that business²⁴ was concentrated in the hands of Brazilian nationals rather than foreign companies and individuals. The military, in particular, supported the Estado Novo and the regime's decision to stop servicing the national debt in favour of public investment. Although Vargas was hailed as the saviour of workers' rights when he introduced a minimum wage in 1940, alongside the drive for modernisation, the regime was well known for dealing brutally with those that opposed them. By 1943, students and other sectors of society began to mobilise against Vargas' regime and elections were called for 1945 and Vargas' first reign of power came to an end as he was replaced by the government of Eurico Gaspar Dutra (1946-1950).

It is against this backdrop that those offering accounting services in Brazil sought professional organisation. Historically, as an occupation, accountancy was not perceived as a high status, esteemed profession, a fact that has its roots in Brazil's colonial past when the aristocracy sent their children back to Europe to be educated in law, medicine and engineering. The country's history of slavery and societal division impacted upon the type of work that the different classes could perform: manual and technical jobs were performed by the native people and slaves and high-skill, intellectual occupations were performed by the higher classes, although attending university was a means of social-economic ascension. Thus sales, agricultural work or working in commerce (for instance bookkeeping) was seen as low-status (Bielinski, 2000) as there was a perception that such work did not require high levels of education and those employed in such fields acquired their skill through practice (Leite, 2005). Without occupational status or a representative body to protect their interests, those in lower-status employment, such as bookkeepers

²³ Between 1934 and 1940 Germany became a key trading partner. When the Second World War broke out, Germany was under siege and its trade with Brazil greatly reduced, this gap was filled by the Americans. Brazil eventually supported the Allies in the War in return for America's economic and military support.

²⁴ Including banks, insurance companies, electricity companies, the steel and petroleum industries. Oil was discovered in Bahia in 1939.

and accounting practitioners, began to organise themselves into regional syndicates²⁵ (Boito Jr., 1991).

1900-1930

A period of rapid industrialisation

International fluctuations in the price of Brazil's key export, coffee, and the loss of the monopoly on exportation of natural rubber at the turn of the twentieth century paved the way for the industrialisation of Brazil's export-oriented economy²⁶ (Peláez, 1976; Weinstein, 1983; Goldsmith, 1986). Beginning with agricultural products, such as textiles (e.g. cotton, wool and jute), manufacturing was extended to the production of paper, hats, shoes, wood and furniture (Gremaud, Vasconcellos and Junior, 2009). Such expansion required capital and new technology and although Great Britain had been a major foreign investor prior to 1920, it was replaced by Germany and the US,²⁷ which also became key export destinations. A significant proportion of export income was used to finance the imports necessary for industrialization, as a means of prising the economy away from agricultural dependence (Skidmore, 1999). However in an attempt to maintain concentration of ownership and control, Brazilian businesses included in their corporate statutes provisions that limited the power of large shareholders (Musacchio, 2009). It was within this context that an intensive movement towards urbanization began, closely followed by infrastructural development in areas such as public services, banking, healthcare and education (Tavares, 1972; Furtado, 1995).

²⁵ Syndicates were institutions created by employees (and employers) to organise themselves to uphold their rights and to provide support. The first legislation regarding the formation of syndicates was introduced in 1903 (Decree nr. 979, 6th January) for workers in agriculture. In 1907 legislation was introduced creating the *associacoes cooperativas* (cooperative associations), which extended the rights to *sindicalizacao* (the right to be part of a syndicate) to all workers (Decree nr. 1.637).

²⁶ With a mainly agrarian economy, Brazil was the world's only natural rubber exporter between 1900 and 1910 and it gained monopoly of coffee in 1901. Its economic growth, measured by per capita growth, between 1850 and 1913 was relatively high by international standards (Goldsmith, 1986).

²⁷ In 1901, Brazilian imports stood at 39% from the UK, 15% from the USA and 12% from Germany. By 1939, the split had changed to 1% from the UK, 39% from the USA and 23% from Germany. In 1901, Brazil shipped 14% of its total exports to the UK, 46% to the USA and 16% to Germany. By 1939, this had changed to 11% to the UK, 41% to the USA and 14% to Germany (Source: Official import/export data between 1901-1939 provided by IBGE).

However, despite such rapid industrialisation, conditions for workers were poor and attempts to form Labour movements tended to be violently repressed by employers²⁸, police and the government (Sader, 1980; Gianotti, 2007).

The growing demand for accounting services and moves towards occupational organisation

Such growth brought with it a demand for better information for investors, in particular foreign investors. The providers of such services were the bookkeeping practitioners who at the time produced basic accounting information regarding income, expenses, payments and were also responsible for clerical services, such as registering and writing contracts, dealing with correspondences and acting as office managers (Sa, 2008; Bielinski, 2000).

The first two schools of commerce had been established since 1902²⁹ (Decree nr. 4.331 of 01/02/1902) and both gained government recognition in 1905 (Decree nr. 1.339, 09/01/1905). They issued certificates to bookkeepers (*guarda-livros*)³⁰ and to those attaining the title of *perito judicial* – whose role was to verify and analyse in detail accounting information and deal with the legal aspects of accounting by providing judges with expert advice in cases regarding taxes and insolvency (Pires, 1999; Yoshitake *et al.*, 2005).³¹

In the public sector, following reforms introduced in 1919 (Law 2.083 of 30/07/1919), guidelines regarding general accounting procedures for governmental institutions were

²⁸ At the beginning of the nineteenth century, the textile industry, for instance, mostly employed women, offered poor working conditions and demanded long-hours work. Most urban workers were not employed by industries, but by small family-owned businesses with modest resources, they faced arbitrary treatment and no compassion from the court system (Skidmore, 1999).

²⁹ One of them was established in Rio de Janeiro - Academy of Commerce of Rio de Janeiro (*Academia de Comercio do Rio de Janeiro*) and the other in Sao Paulo - School of Practices of Commerce of Sao Paulo (*Escola Prática de Comércio de São Paulo*).

³⁰ In practice the term *guarda-livros* was used by both those with educational certificates and those who had practical experience only. The term was replaced by *Tecnico de Contabilidade* (Accounting Technician) in 1945 (Decree nr. 8.191 of 21/11/1945). The *perito judicial* were also referred to as the *perito contador* or the *perito contabil*. The term *contabilista* was a general term for accounting practitioners and *actuarios* were those involved in insurance.

³¹ The word *pericia* is derived from Latin (*peritia* - knowledge acquired by experience). A *perito* needed to gain considerable knowledge about auditing and law (tributary, constitutional, criminal, administrative, civil and labour), as they assisted judges in judicial cases (Sa, 2006).

introduced and the General Directory of Accounting of National Treasure (*Diretoria Geral da Contabilidade Publica do Tesouro Nacional*) was established with the objective of supervising governmental accounting agencies (Decree nr. 13.746 of 03/September, 1919). Joao Ferreira de Morais Junior (a bookkeeper who held a highly ranked position within the Government) was designated to organise and coordinate the project and Carlos Claudio da Silva (also a government employee) became the bookkeeper of the Treasury. Together they developed and implemented a central double-entry system³²: The Instructions for a Double-entry System of Accounting Divisions and Central Accounting of the Republic (*Instrucoes para o servico de escrituracao por partidas dobradas nas Contadorias Seccionais e na Contadoria Central da Republica*), which became compulsory in 1922 (Decree nr. 4.536, 28/01/1922). The “system” was intended to centralise accounting information in the Treasury Court, so the regional offices could be controlled by the Treasury Board (Yoshitake et al., 2005). The implementation of such a central system reorganised governmental accounting and strongly associated accounting practitioners with political positions (Sa, 2008).

The rise of activists and demands for recognition

Other accounting practitioners such as Francisco D’Auria, Paulo Frederico Hermann Junior and Joao de Lira Tavares also held high social positions and had gained reputations as bookkeepers in the government in Sao Paulo and Rio de Janeiro. They were committed activists in the period and harboured high ambitions for professional status for those providing accounting services both in the private sector and in government. As an initial step, on the 1st of January, 1912, D’Auria and his colleagues launched the first issue of the first Brazilian accounting journal (*Revista Brasileira de Contabilidade*)³³ and by 1928, D’Auria had also authored eight accounting books. Hermann Junior was D’Auria’s pupil and soon became a reputable accounting professional, academic and writer (Sa, 2008). Lira Tavares was also a historian and

³² The double-entry method itself was implemented in Brazil in 1840 by Manual Alves Branco, the bookkeeper of the Empire (Paiva e Neto, 2006). As Finance Minister, he implemented the introduction of the regulations regarding the ‘accounting time period assumption’ (which at that time was from 1st July to 30 June of the following year) (Decree nr. 41/1840 and Regulation of 15th April, 1840).

³³ From 1912 until 1920 this magazine was edited by a publicly-traded company and at times publication was erratic. Another accounting magazine was launched in 1916 - Monthly Brazilian Accounting (*Mensario Brasileiro de Contabilidade- MBC*) (MBC n° 341, August, 1945 p.. 295).

accounting academic, bookkeeper at the Ministry of Finance and later a powerful Senator (Sa, 2008; Peleias and Bacci, 2004; Centro de Memorias do CRCRS, 2009).

Following the crusades of the activist practitioners, by 1915 the *Instituto Brasileiro de Contadores Fiscais* (Brazilian Institute of Tax Inspectors) had been created in Sao Paulo (Sa, 2008) and in the following year, the then Senator Joao Lira Tavares formed and led *the Conselho Perpetuo* (Perpetual Council). The evidence suggests that the formation of these two bodies was an overt attempt by the practitioners to gain recognition and protect their market, referred to as “*reserva de Mercado*” (market reserve). Such action was considered necessary because for a long time clerks³⁴ working in commercial institutions could claim that they were bookkeepers, despite having no formal training, if they had accounting experience. The aim of the *Conselho Perpetuo* was to establish a platform for accounting practitioners to debate the merits of bookkeepers attaining professional status, the creation and regulation of a professional body for them and related professional education (Masi, 2000; Journal Correio da Manha, nr. 2, pg.35, 20/05/1917).

Regional association

Following these moves, in August of 1916 sixty bookkeepers gathered together in Rio de Janeiro to discuss the creation of the Instituto Brasileiro de Contabilidade do Rio de Janeiro, which was effected by September of that year. The creation of these bodies was the direct result of the ‘encouragement’ in a speech made by Senator Joao Lira Tavares on the 28th of August, 1916 at the Federal Senate in Rio de Janeiro, where he espoused the need to regulate bookkeeping practices and urged bookkeepers to gather together to fight for ‘protection’ and recognition (Revista Brasileira de Contabilidade, nr. 99, May/June, 1996, p.23; Sa, 2008; Accounting Syndicate of Rio Grande do Sul).

In the following year, 1917, as discussions regarding the amendments of the Brazilian Trade Code were taking place within the Congress, bookkeepers organised a public protest demanding an official distinction between the functions to be performed by

³⁴ Clerks performed general tasks related to commerce but tended to perform accounting transactions, especially if employed by small-family business.

bookkeepers and *perito judicial* and clerks (Mensário Brasileiro de Contabilidade, Vol. 4 de 20-07-1917 pg 77). Following an intense period of worker unrest and strikes throughout Brazil during the first two decades of the twentieth century (Oliveira, 2005; Junior, 1991), a group of eleven young accounting practitioners (who had pressed for the formation of the *Conselho Perpetuo* in 1916, including Moraes Junior, Herrmann Junior and D'Áuria) led again by senator Joao de Lira Tavares, established the Accounting Institute of Sao Paulo (*Instituto Paulista de Contabilidade*), which became the first accounting syndicate created in Brazil (*Sindicato dos Contabilistas de Sao Paulo*) on the 19th of July, 1919 (Peleias and Bacci, 2004; RBC, 1996). The creation of such regional associations (the most active being Rio, SP and MG), or syndicates, was an integral part of the strategy to press government authorities to recognise and regulate accounting practitioners and to raise the occupational status of the group such that it was on a par with the lawyers, engineers and physicians³⁵ (Sa, 2008; Peleias and Bacci, 2004).

Public sector initiatives in the period

In the interim, the Government introduced the *Codigo de Contabilidade Publica* (Code for Governmental Accounting (Decree nr. 4.536 of 28/01/1922) in 1922 as a means for tightening governmental accounting procedures. In line with governmental attempts to centralise authority, this decree created the Central Directory of Accounting of the Republic - *Directoria Central de Contabilidade da Republica* (DCCR), which was a source of regulations for the uniform preparation of accounts within all Brazilian governmental institutions (art. 1st). In particular, the DCCR established accounting procedures utilising 'double entry' and formulas and models developed by them (art. 3rd). Institutions regulated by the DCCR were also required to rigorously classify expenses and revenue and to provide monthly and annual balance sheets and file a quarterly balance sheet with the Treasury (art. 4th, 5th and 6th respectively).³⁶

³⁵ The first official legal professional body, the OAB (*Ordem dos Advogados do Brazil*) was created within the revolutionary context of 1930 (Decree nr. 19.408 of 18/11/30). The first engineering professional body, the CREA (*Conselho Regional de Engenharia*) was created in 1934 (*Resolução* nr. 2 de 23/4/1934) and a professional body for physicians CRM (*Conselho Regional de Medicina*) in 1945 (Decree nr. 7.955 of 13/09/1945). Other occupations recognised as professions include economists, dentists and architects.

³⁶ By decree, the composition of the DCCR was one head of accounting; one accounting auxiliary; three bookkeepers and nine bookkeepers' assistant and further twenty-three staff. The 1922 decree established that the first nomination for accounting staff would be made by a Governmental Commission and staff

In the wake of calls to recognise bookkeepers as professionals, in 1920 Senator Raymundo Miranda introduced an initiative in the Senate to ensure that accounting be performed only by bookkeepers qualified by accredited schools (accreditation was achieved later via the 1926 reforms) or by the main shareholder (Sa, 2008; Peleais and Bacci, 2004; Leite, 2005). For a variety of reasons, and as an illustration of how political initiatives could be easily drowned in process, this initiative remained in the debate phase in Congress – at the Commission of Constitution and Justice (*Comissao de Constituicao e Justica*)-for almost twelve years and did not reach decree status until 1932 (Leite, 2005; Sa, 2008).

The First Accounting Congress

This activity both in the private and public sector culminated in the organisation of the First Accounting Congress held in Rio de Janeiro between 14th and 27th of August, 1924.³⁷ The Congress was organised and coordinated by the Brazilian Institute of Accounting of Rio de Janeiro (Instituto Brasileiro de Contabilidade do Rio de Janeiro) and led by the seasoned campaigners, Senator Lira Tavares and Francisco D’Auria, and the then Minister of Finance, Rafael de Abreu Sampaio Vidal, was invited as a guest speaker (Sa, 2008; RBC, nr. 99, 1996; Centro de Memoria do CRCRS, 2009). This conference was convened as a means to persuade the authorities of the need to progress towards the regulation and recognition of an accounting profession by the government. This was high on the agenda as the registration of accounting information as well as the preparation of accounting reports was still seen as a job to be performed by the less skilled, particularly as the functions of the *guarda-livros* (bookkeepers) had not been yet defined by legislation.

would be selected from among those already in charge of the Treasury’s bookkeeping. Such nominations would be made during the period of three years, through which candidates should be able to demonstrate technical capacity in relation to the application of the double-entry method. Candidates would be selected at the discretion of the DCCR’s director (§ 1st Art.105rd).

³⁷ An 800-page report was published in 2 volumes, currently held by the accounting syndicate in Rio de Janeiro (*Relatório do Primeiro Congresso Brasileiro de Contabilidade*, Rio de Janeiro: Imprensa Nacional, 1927, 1929).

During this conference, 75 different papers were presented and discussed in meeting, organised into four sections: general accounting issues; the regulation of accounting education; the regulation of the profession and related legislation. The conference attracted the key players in the drive for professional organisation³⁸ and key discussions relating to the creation of a new national accounting body were also on the agenda. The high profile nature of the 1924 Congress could not be ignored by those in power and compelled the government to consider new legislation aimed at reforming training and education in commerce.

Changes in accounting education – the 1926 reforms

By 1926, the Brazilian Constitution was the subject of significant reform under the administration of the republican lawyer Artur Bernardes. The new constitution was drafted with a view to strengthen the autocratic control of the federal government over the regions and it was within this context that new legislation was directed towards the reorganisation of education in commerce (Decree nr. 17.329 of 28/05/1926). Two courses in commerce were established - *curso geral* and *curso superior*. The 1926 legislation also accredited the existing further-education schools in commerce (such as *Academia do Comercio do Rio de Janeiro*, *Escola de Comercio Alvares Penteado*, *Academia de Ciencias Contabeis de Alagoas*), so they could officially continue to offer such programmes.

Prior to the 1926 legislation, the Commerce Academy of Rio de Janeiro (*Academia de Comercio do Rio de Janeiro*) already offered the *curso geral*, which was aimed at creating bookkeepers, *perito judicial* and preparing students to work for the Finance Ministry and *the curso superior*, which aimed to prepare students for Consulates and Foreigner Affairs and accounting roles in banks and large private business (Leite, 2005). However, the 1926 legislation radically changed the nature of such programmes, by

³⁸ For instance the first session was chaired by Francisco D'Auria, an active member of the accounting syndicate of Sao Paulo, who later became the Secretary of State (Masi, 2000). D'Auria had built a good reputation as an accounting practitioner and was the former head of the double-entry commission of the Treasury and the Director of the *Instituto Brasileiro de Contadores Fiscais* (Brazilian Institute of Accounting Inspectors created in 1916) and the *Instituto Brasileiro de Contabilidade do Rio de Janeiro* (Brazilian Institute of Accounting of Rio de Janeiro) and *the Associacao dos Contadores de Sao Paulo* (Accountants Association of Sao Paulo (also created in 1916) (MBC, 1917; Peleias and Bacci, 2004).

incorporating new contents with a greater emphasis on accountancy and making the programmes more extensive and longer.³⁹ On completion of the *curso geral* participants were issued with an accountants' certificate (*Contador*). In an attempt to clarify jurisdictions within the field of accountancy, the term *contador* was to replace the term *guarda-livros* for government employed bookkeepers (Aragon, 2009; Sa, 2008).⁴⁰ In practice, bookkeepers who had not attended the commerce schools continued to practice accounting and were still called *guarda-livros*. Those completing the *curso superior* were awarded a certificate of *Graduado em Ciências Economicas e Comerciais* (graduate in Economics and Commerce). In the absence of other higher level courses in commerce at this stage, these two courses became the foundation for those entering accountancy. The legislation had set out to differentiate between those with no previous education in accounting and those with educational qualifications, although in practice the distinctions remained vague. It also approved and recognised the need to regulate schools of commerce and in doing so helped to put the accountants on a par with other occupational groups that required further educational qualifications, such as technicians in industry and in agriculture (Nagle, 1976).

Despite the new legislation, confusion remained, paving the way for further campaigns for greater recognition of the 'profession'. Another problem created by the legislation was that it acted as a separator, since only students who had concluded the further-education course in commerce were entitled to take examinations to embark on higher-education programmes in Economics. This was mainly due to the belief that students graduated from the *curso geral* would not be sufficiently academically prepared to take other courses in higher education such as Medicine and Engineering, as such prospective

³⁹ The *curso geral* was extended to four years and five accounting units were added: Accounting, Accounting Mercantile (classification methods and system of cards), Accounting for Agriculture and Industry, Accounting for Banking and Insurance Companies and Governmental Accounting. The *curso superior* was also extended from two to three years and included two accounting units - Accounting for Administration, Agriculture and Industry and Accounting Mercantile and Banking. In addition, the *curso superior* offered optional courses in languages (German or Italian or Spanish), Geography, Statistics, History of Commerce, Agriculture and Industry, Arts, Industry and Commercial Technology, Commercial and Maritime Law, Economy and Politics, Psychology of Commerce, Labour Legislation, Public Sector Accounting, History of Diplomacy, Mathematics, Banking, Business, Commercial Accounting.

⁴⁰ Bookkeepers employed by the government held higher prestige (as such positions were held by members of privileged families) than those who worked for small-family businesses.

students needed to be proficient in Chemistry, Physics, Biology which were not taught on commerce courses. In the economic environment of the time, the increasing availability of accounting-related jobs were particularly attractive to the less skilled and under privileged (Leite, 2005; Sa, 2008) and this accentuated the existing perception that accounting practitioners occupied a lower-status position compared to other professions.

Tavares Lira had been elected President of the *Conselho Perpetuo* on the 27th December, 1925 and on the 25th of April, 1926 he was formally thanked by his colleagues for his effort in pursuing the interest of accountants within the government. Through such bodies and the representation of their interests within government, the *contadores* continued to push for the exclusion of those who had not undertaken accounting courses but continued to perform accounting functions through experience (often still referred to as *guarda-livros* in practice). In support of their calls, they cited the rise in the number of insolvencies between 1925 and 1929⁴¹ (Sa, 2008), indirectly sullyng the reputation of the *perito judicial*, who by law were responsible for the detection of insolvency and were often qualified by experience only.

Amidst this turmoil, the accounting activists saw another opportunity to press the government for new reforms within the profession. By 1927, the activists' movements led to the creation of many accounting organisations around the country, such as the Association of Diplomas in Commerce of Bahia (*Associação Baiana de Diplomados em Comercio*); Campinas Association of Accounting (*Associação Campineira de Contabilidade*); and the Institute of Accounting of Minas Gerais (*Instituto Mineiro de Contabilidade*) (Sa, 2008). In December of that year, Francisco D'Auria was honoured by colleagues for his leading role and in his speech he called for the creation of an accounting organisation to register new accounting professionals on a General Register of Accountants (*Registro Geral dos Contabilistas*), as a means of potentially excluding incompetent and unreliable accounting practitioners (Sa, 2008).

⁴¹ Even though the rise in insolvencies was partly the result of increasing interest rates and the restriction of credit imposed mainly to control spiralling inflation and a series of economic problems including an acute crises in industries such as coffee. By the end of 1929, 686 companies had become insolvent and closed down (Conniff, 1981).

1930-1932

The Reforma Francisco Campos, 1930

Following the 1930 Revolution, the period between 1930 and 1945 was one of new political direction, social upheaval and economic development under the regime of the president-dictator Getúlio Vargas (Williams, 2001; Vianna and Villela, 2005).⁴² The *Nova Republica* (New Republic) or *Segunda Republica* (Second Republic), as the period was referred to, witnessed the advent of industrialization which was driven mainly by government and multinational capital. It was also witness to the rise of the working class, their migration to the industrial centres and related demands for better working conditions.⁴³ Various sectors of society, and particularly those who worked for industries, voiced their discontent with the political influence exerted by the large and powerful oligarchies.⁴⁴ The intervention of the government and multinational capital were seen as necessary to boost investment in the industrial sector to satisfy the internal increasing demand.

The 1930 Revolution was fundamental in breaking the archaic structures and centres of power, which had long stifled development, and paved the way for a new economic model. As the political and economic power of the oligarchies weakened, opportunities for other sectors of society to exert political influence appeared. With a view to the reformation of health and education, the *Ministerio da Educacao e Saude* (Ministry of Education and Health) led by Francisco Campos - (Decree nr. 19.402 of 18/11/1930) was created. Following pressure exerted by academics demanding action from the government

⁴² The 1930 political crises was fuelled by discontentment in various sectors of society - particularly the underprivileged and a downturn in the global economy in which Brazil was particularly vulnerable as it was mainly a one-crop country reliant on foreigner markets (Flynn, 1978). The Revolution represented the end of the Old Republic (*Republica Velha*) and the beginning of the *Nova Republica* (New Republic). Vargas was an affluent pro-industrial nationalist and anti-communist who supported capitalist development and liberal reforms but also posed a considerable threat to the dominant elite of Sao Paulo as he championed initiatives aimed at social reconstruction and took steps to alleviate the economic crises including the reduction of the production of goods such as sugar and coffee (Loewenstein, 1942; Flynn, 1978).

⁴³ Although decreasing levels of exports and an increase in immigration due to the worldwide economic downturn of 1929 led to higher unemployment in the large cities.

⁴⁴ Such as the *oligarquia do café* (the coffee oligarchy) and the *café-com-leite* (coffee and milk oligarchy) (Flynn, 1978). The latter was an expression referring to the domination of Brazilian politics by politicians from Sao Paulo (dominated by the coffee industry) and Minas Gerais (dominated by dairy interests).

to tackle acute problems faced by the education and health sectors (Mcoy, 1959; Burns, 1993), the *Reforma Francisco Campos* (Francisco Campos Reform) emerged - six decrees, introduced in 1930 and 1932, detailing changes to the national structure of higher and further education (Leite, 2005).⁴⁵ Amidst the new status quo, accountants grasped at the opportunity to convince those in power of the value of accounting services in a period of industrialisation, and reignited the debate regarding the need to define accountancy as a profession rather than a practice performed by those both with and without suitable qualifications and experience (MBC nos. 82, 83, 84 de jan-fev-mar/1924). It was within this context that two important accounting regulations were sanctioned.

The 1931 decree was introduced with the intention of reorganising the academic curriculum in commerce. It redefined the structure of the occupational group and established guidelines for the reform of the education of prospective accountants.

Firstly, a two-level course in commerce was introduced (articles 1st and 2nd of Decree nr.20.158 of 30/06/1931). Level 1 courses were for technicians (*cursos tecnicos*) containing three programmes: bookkeeping (*guarda-livros*), *perito-contador*⁴⁶ and actuarial studies (*curso de atuario*).⁴⁷ The level 2 courses included a higher-education (*superior*) programme in Management & Finance (article 2) which included two units in accounting: Accounting for Transport and Accounting for Public Sector. Those successfully completing it were issued with a certificate in BSc in Economics; or Doctor

⁴⁵ Before that, education initiatives had been launched at regional rather than national level. In 1905, there were only two institutions offering further education commerce courses to 343 students. By 1926 this had risen to 11 institutions and 1,865 students and by 1930 there were 145 institutions and 15,500 students (Werebe, 1970:165).

⁴⁶ Although the term *guarda-livros* had already been superseded by “*contador*” in the 1926 reforms. The term *perito contador* was also known as the *perito judicial*.

⁴⁷ The course in bookkeeping was a two year course and included two accounting units: introduction to accounting and mercantile accounting (article 6th, § b). The *curso de perito contador* was undertaken in three years and it included four accounting units - introduction to accounting, mercantile accounting, accounting for industry and agriculture, and accounting for banking (article 6th, § e). The actuarial studies was a three year course and included three accounting units: introduction to accounting, mercantile accounting and accounting for insurance firms. It certified those who would work for insurance firms (article 28, § d) and also included a programme for clerks or assistants of commerce (*curso de auxiliar de comercio*), which also included two accounting units: introduction to accounting and mercantile accounting (article 8th).

in Economics, if the student defended a thesis to a particular committee (article 28). However, the legislation established restrictions depending on the level of expertise attained, thus only applicants who had graduated from courses in actuarial studies or *perito-contador* were permitted to apply to level 2 courses and only those who had concluded the course in *perito-contador* could teach on this programme. Such restrictions meant that this programme was not that successful at attracting the interest of those who pursued a career in commerce (and it was terminated fourteen years later) (Andrade, 1995).

Secondly, the decree also established the *Superintendência de Fiscalização dos Estabelecimentos de Ensino Comercial-SFEEC* (Superintendence of Inspection of Institutions of Education in Commerce), subordinated to the Minister of Education and Public Health (article 34th), as a means of regulating the schools of commerce, economics and management to ensure that they met a national standard (set in the articles 1st and 2nd of the decree). The 1931 Decree determined that all accounting certificates (i.e. certificate in *guarda-livros*, *contador*, *perito-judicial* and *perito-contador*) should be registered by the SFEEC (article no. 53rd, Decree nr. 20.158) and that only those who had obtained accounting certificates issued by the schools of commerce should be accredited by the SFEEC (Decree 20.158 of 1931, Section III, article 54) and be entitled to call themselves a *contador*. It also ordained that practising bookkeepers (i.e. those who had not attended any accounting academic programmes) should be registered with the SFEEC and be encouraged to take and pass the accounting examinations⁴⁸ set by this institution within one year from the publication of the decree (article 55).

Thirdly, it was decreed that accounting practitioners, who had published accounting studies and books, assessed by the *Conselho Consultivo do Ensino Comercial* (Consulting Council of Education in Commerce) and also those who were working or had worked for governmental or private institutions as head of bookkeeping or accounting did not have to be registered by the SFEEC (Section III, article 61).

⁴⁸ The accounting examinations set by the SFEEC included verbal and written examinations in Portuguese in subjects such as Mercantile Accounting, Commercial Mathematics and Commercial Legislation (article 55th).

Finally, the legislation restricted the work of the *perito judicial* to *contadores*, whose certificates were legalized /registered by the SFEEC (article 70). If on one hand this legislation restricted the practise of accountancy to those who had specific qualifications, it provided practitioners (who had not attended accounting courses before) with the opportunity of qualifying as *contadores*. Nevertheless, the introduction of the 1931 Decree generated an immense debate amongst accounting practitioners, some of whom disputed the idea of the need to undertake exams to obtain an accounting certificate to be entitled to exercise the profession. This group argued that the experience they had gained during the years working as accounting practitioners should be sufficient to officially become a *contador* (Revista Paulista de Contabilidade, March/April, p. 95-98,1932).

Manifesto dos Pioneiros da Educacao Nova, 1932

In the wake of such discontent, 1932 was an intense period of activity as far as accountancy was concerned.⁴⁹ A second Accounting Congress (*II Congresso Brasileiro de Contabilidade*) was organised and held in Rio de Janeiro between 18th and 25th of April 1932, led by Lyra Tavares. The Congress again voiced a call for unity amongst accounting professionals in the battle for greater recognition for accountants and further development of accounting regulation and the urgent need to lobby and pressurise the government to act (Sa, 2008; Peleias and Bacci, 2004).

The protagonists accused the government of disinterest and published their *Manifesto dos Pioneiros da Educacao Nova*⁵⁰ (Manifesto of the Pioneers of the New Education) which urged the government to respond to the new educational demands of industrial capitalism (Hamburger, 2007) and advocated a review be conducted of the structure of accounting education set by the 1926 Decree (nr. 17.329). Such action only added to the turmoil

⁴⁹ Other regional associations were established: The *Associação Mineira de Contabilidade* (Accounting Association of Minas Gerais) was established in 1932 led by Antonio Miguel Pinto, a reputable accounting author and The *Instituto Rio-Grandense de Contabilidade* (Institute of Accounting of Rio Grande do Sul) was founded in 1933, led by the accountant Henrique Desjardins (Peleias and Bacci, 2004).

⁵⁰ The document was initiated by the sociologist and academic Fernando de Azevedo and the jurist and academic Anisio Teixeira who were committed to education in Brazil - it was signed by another twenty-six academics and published in 1932 by the *Revista da Educacao* (Education Magazine) (Azevedo et al., 1932).

already brewing amongst the practicing accountants, who had objected to the restrictions, placed upon them by the Decree introduced in 1931. The Manifesto redefined the boundaries for the registration of accounting professionals by stating that all accounting books or any other document acknowledged by the Commercial Code, regulation regarding insolvency or any other law would not be legitimate if not signed by an accountant or bookkeeper registered by the SFEEC (article 1st). The 1932 Decree (nr. 21.033 of 08/02/1932) made it possible for accounting lecturers, who were employed or had been employed by schools officially recognised by the SFEEC to register too (section III, article 2nd). Significantly, practicing accountants who were working or had worked for governmental, non-governmental or private institutions for at least five years and those who had previously signed a *laudo pericial* (the name given to the document containing the result of a *pericia contabil*⁵¹ performed in case of legal issue, for instance, insolvency) were also included within the scope of the new decree (sections VIII and IX article 1st, 2nd). However, practising bookkeepers or accountants, who worked for governmental institutions and did not seek registration at the SFEEC, were entitled to remain in their positions (article 2nd, section IX, § 1st).

Although the 1932 decree was introduced with the intention of enhancing the qualifications of professional accountants, various criticisms continued to be raised regarding the structure of the academic programmes in commerce: some intermediate-level courses (*cursos tecnico* or *cursos profissionalizantes* such as *guarda-livros*) did not provide access to any higher-education courses; the lack of ‘synchronization’ between primary and intermediate-level education (e.g. the requirement of some subjects (e.g. French), which were not offered at the primary level, was part of the admission exams required for *auxiliar de comercio* (assistant of commerce); and the excessive governmental control, resulting in a lack of flexibility to deliver such programmes (Leite, 2005)

⁵¹ *Pericia contabil* entails a methodological investigation of the entire set of accounting information relating to a particular judicial case and is performed by the *perito judicial*.

Despite the public debate about the need to distinguish accounting professionals according to their functions and level of education, and continued dissent amongst the practitioners, both 1931 and 1932 legislations set the context for the creation of the first national accounting body in 1946 and it is to this that we now turn.

1933-1946

A period of social transition

The new constitution, introduced in 1934, reflected the social transition and upheaval in the country. The end of the Old Republic in 1930 had given rise to increasing central control as Vargas was governing the country under a corporative constitution, which officially denied the principles of representative democracy (Flynn, 1978), with the state and regional powers progressively eroded (Flynn, 1978). With respect to education, the new constitution reflected a less oligarchic framework (Titulo V, Chapter II, article 143), acknowledging it as a “*a universal right..... the responsibility of the (government) to provide it to Braziliansenabling efficient factors of economic and moral life of the nation*” (Titulo V, Chapter II, article 143). The practical manifestation of such ideals included: the transfer of responsibility to set guidelines for the education system to the federal government (article 151); the creation of the National Council of Education (*Conselho Nacional de Educacao*) with regional offices to locally monitor the regulation introduced by the federal government (article 152) and the introduction of free primary and intermediate education (article 154). In addition, the law acknowledged the role of the syndicates: “*Trade unions and professional associations will be recognized in accordance with the law*” (Titulo IV, article 120) ... “*The law will promote the support of production and establish the conditions of work in the city and the countryside, with the intention to protecting workers socially and the economic interests of the country*” (article 121).

The new constitution coincided with the third Accounting Congress (*III Congresso Brasileiro de Contabilidade*), held between 21st and 26th of May, 1934, in Sao Paulo and led by Hermann Junior. It addressed the need to constitute a permanent and solid commission and reinforced the need to continue to pursue the development of accounting

education. The Congress also drew attention to the need to elevate accounting academic programmes to a ‘higher-education’ level by enabling students on commerce courses at the further-education level access to higher-education courses (Seva, 1976; Peleias and Bacci, 2004; Sa, 2008).

Although the 1934 constitution was innovative and encouraging in terms of national education, it remained in place only for three years as following the *coup d’etat*⁵², a new constitution was introduced in 1937. For the next seven and a half years the country experienced the rule of an overtly totalitarian government, progressively steered by the industrial bourgeoisie, impatient for growth (Flynn, 1978; Loewenstein, 1942). The *Estado Novo* (New Estate) was regarded by some to be a very damaging period (Spiegel, 1949; Loewenstein, 1942; Flynn, 1978) as constraints were introduced upon foreign investment in water, power and mining, banks and insurance companies, and public utilities (Spiegel, 1949). The beginning of WWII saw a decrease in agricultural exports such as coffee, cotton, sugar cane, rubber and cocoa, which initiated a government-led drive to increase the internal production of good previously imported goods through the development of local industry (Skidmore, 1999; *Anuario Estatístico do Brasil*, 1939-40, p.1312 and 1941-45, p.59 and *Boletim Estatístico*, vol. 4, nr. 13, 1946, pp.45).

In terms of education, the new 1937 constitution emphasised the need for pre-vocational training (the *cursos profissionalizantes*) and suggested that it should be “*directed to the less-wealthy class and it is the first duty of the state to make it effective by founding institutes and subsidizing the initiative of the estates, municipalities and individuals or private associations and professionals*” (article 129).

Amidst such social upheaval and dramatic political change, the fourth Accounting Congress (*IV Congresso Brasileiro de Contabilidade*) was held in 1937, between 5th and 11th of September, in Rio de Janeiro. The congress had a number of objectives: to explore

⁵² The Coup was set to take place in November, 1937, following the bourgeois and military disappointment, exacerbated by the 1929 Great Depression's which impacted on the Brazilian economy. But, under pressure, Vargas agreed to bring in the *Estado Novo* (New State) - a military-dominated government, tightly controlled by the industrial bourgeoisie in close collaboration with the armed forces' leaders.

the more contemporaneous applications of accounting, for instance the standardization of the Balance Sheet; to strengthen the struggle for the improvement of further-education (by reviewing the courses in bookkeeping and titles bestowed upon those completing such courses (there were still concerns that bookkeeping was associated with low-skill work); to introduce higher-level education in accounting (given that the 1926 legislation established the creation of *curso superior* as optional (article 3rd); to claim rights considered inherent in any profession, that is the pursuit of official recognition for national professional body; and to improve the legislation in commerce (Peleias and Bacci, 2004; Sa, 2008). In recognition of the concerns and recommendations of the Congress, changes were made to the Commercial Code which revised the role of the *perito* and new legislation was introduced in 1940 to regulate public companies.⁵³

The Reforma Capanema and the reorganisation of accounting education

Following a general reform of many sectors of Brazilian education in 1942, the government introduced the *Reforma Capanema* (or the *Leis Organicas do Ensino*) named after Gustavo Capanema - the minister of health and education at that time (Lei 4.244 of 9th April, 1942). It aimed to redefine the *ensino secundario*⁵⁴ (Decree-law n.4.244 of 09/04/1942) and introduced the *ensino industrial* and the *ensino comercial* in response to the pressing need to attend to the demands of industrialization (Werebe, 1970; Camargo, 1991).

In the wake of these general reforms, further reforms in accounting education were introduced in 1943 (*Lei Organica do Ensino Comercial*). These were intended to improve and update the academic curriculum for accounting education, given the new demands of

⁵³ In 1939 (Decree nr. 1.608, 18/09/1939) changes to the Commercial Code (article 1st) officially defined the role of the *perito* as assisting judges in legal matters, whenever the object of the analysis involved commercial transactions (Titulo V, article 48, § 1st), such as payment of taxes and/or insolvency (article 499; 907). In 1940, the *Decreto-Lei* 2.627/40 introduced the first regulations for public companies in Brazil (Lei de Sociedade por Acoes do Brasil). Relating mainly to technical issues, it established new rules for assets valuations, profit distribution, creation of reserves and standards for the publication of accounting reports. A further piece of legislation in the same year, the *Decreto-Lei* 2.416/40 (*Contabilidade Publica dos Estados e Municipios*), approved the application of uniform accounting codes to be applied to Brazilian governmental institutions, which had been defined during previous accounting conferences.

⁵⁴ *Ensino secundario* corresponded to the current UK secondary schooling, which follows primary or preparatory school (prep school).

a growing economy accelerated by industrialization (Werebe, 1970).⁵⁵ The new Decree separated the existing accounting courses into two (Decree nr. 6.141 of 28/12/1943 and Decree nos. 6.142 and 14.373, 28th December, 1943). The first stage, the *curso commercial basico* (introduction to commerce), was directed towards general education and a certificate in *auxiliary de escritorio* (office's assistant) was issued to successful participants. The second stage, the *cursos comerciais tecnicos* (technical courses in commerce) or *curso de formacao* (formation courses) included a new *curso de contabilidade* (accounting course) which corresponded to the already existing *curso de guarda-livros* (bookkeeping course). Successful participants gained a certificate in *guarda-livros* (Titulo II, Chapter IV, Section VIII, article 36th, § 2nd).

Although, the Government did not have the resources to create adequate numbers of accounting practitioners with educational qualifications to meet the increasing demands of industrialization, it subsidised private initiatives to deliver the *cursos comerciais tecnicos*. It was within this context that the *Servico Nacional de Aprendizagem Industrial-SENAI* (National Training Service in Industry) and the *Servico Nacional de Aprendizagem do Comercio-SENAC* (National Training Service in Commerce) were created (Decree nr. 4.048, 22/01/1942 and Decree nr. 8.622 10/01/1946, respectively). The popularity of these institutions increased as apprentices, from less privileged families, were directed to SENAI by the industries that employed them, so they could receive financial aid while attending courses (Werebe, 1970). The Decree entitled those who held a certificate in *curso tecnico* to embark on higher education courses, providing that their certificate was related to the desired higher-education programme (Titulo I, Chapter IV, article 10th, § III).

The arrival of accountancy as a university subject

1945 was important as it was the year that saw the transition from the *Estado Novo* to a new democratic era which marked the country's engagement with worldwide capitalism. Brazil was experiencing a period of economic growth which coincided with an increasing

⁵⁵ This followed an increase in the number of admission to course in commerce, which rose from 15.200 students in 1931 to 70.000 in 1943 and also in the number of school of commerce, which rose from 83 establishment in 1931 to 304 in 1943 (Boletim Ensino Comercial, n.º 20, 1962, Ed. CAEC).

demand for accounting professionals (Tavares, 1975; Vianna e Villela, 2005; Skidmore, 1999). It was within this context that the first higher-education course in accounting was launched in Sao Paulo, the *Curso de Ciencias Contabeis e Atuarias* (Course in Accounting Science and Actuaries) (Decree nr. 7.988 of 22 September, 1945, chapter I, article 1st) which issued successful students with certificate in BSc in Accounting and Actuaries (Chapter IV, article 5th). At the time, there were only 3 higher-education programmes in place (Engineering, Medicine and Law) and there were only five universities in Brazil in 1945, when the *Faculdade de Economia, Administracao e Contabilidade de Sao Paulo (FEA)* was created (Decree nr. 15.601/46) and for the first time the term *Contabilidade* (accounting) made an appearance in the title (*Curso de Ciencias Contabeis e Atuarias*).⁵⁶ For many decades, accountancy had been deemed an integral part of Economics (Decree nr. 20.158/ 1931, section VIII, article 28)⁵⁷, which undermined the various attempts by practitioners to show that the occupation was worthy of professional status. The 1945 regulation afforded accounting practitioners, who were recognised by the 1931 legislation, the status of bachelor in accounting (Chapter VI, section 1st § 5th) and made it compulsory for those wishing to seek employment in governmental institutions as public sector accountants to undertake academic study (Rodrigues, 1985). This came alongside the Decree nr. 8.191 of 20th Nov., 1945, which officially replaced the term “certificate in bookkeeping” (*guarda-livros*) with *Tecnico em Contabilidade* (Accounting Technician) (article 2nd).

At this time, 3 levels of accounting practitioners were defined, bookkeepers (*guarda-livros*), accounting technicians (*tecnico em contabilidade*) and accountants graduated by university (*contador*):

- 1) Level 1: Bookkeeper (*guarda-livros*), awarded to those who had gained experience via the daily practices and no formal education in accounting whatsoever.

⁵⁶ The accounting programme was organised into four years and it included units such as General Accounting, Accounting for Industry and Agriculture, Accounting for Banks, Accounting for Insurance Companies, Accounting for governmental institutions organisations and auditing. The analysis of the academic programme reflects a generic and positivist approach, as the units were essentially of a technical nature. There is no indication of any consideration of particularities that each region of Brazil may have held.

⁵⁷ The Management & Finance programme introduced in 1931, which issued a certificate in BSc, was terminated by the Decree 7.988 (Chapter VI, article 9-1945).

- 2) Level 2: Accounting Technician (*Tecnico em Contabilidade*), awarded to those who were certified by an accounting school, which provided further-level professional courses in accounting.
- 3) Level 3: Accountant (*Contador*), awarded to those who had graduated by university.

A national professional body

In 1945, the president of the accounting syndicate of Rio – Morais Junior supported by Senator Raymundo Miranda and the accounting syndicate of Sao Paulo, anticipated another opportunity to press the government authorities to approve the project of creation of the first professional body. Morais Junior sent a telegram (dated 24 September) to all accounting syndicates in Brazil urging them to attend an urgently-called accounting meeting, the first national convention of accounting (*Primeira Convencao Nacional de Contabilistas*), to be held between 10th and 13th of October. The syndicate were informed that the then President of Brazil – Getulio Vargas had been invited as guest of honour along with the minister of Education – Gustavo Capanema, and both would attend the gala dinner that would close the convention. Their strategy entailed persuading Vargas and Capanema to endorse the draft plan for the creation of the first national accounting body – a strategy that required a unified voice to be heard at the congress and a high attendance as a show of support. Overt lobbying during the congress and more furtive lobbying conducted by accountants holding positions of political influence within government finally resulted in success and the draft plans were approved on the 25th of May, 1946. The project was legally sanctioned on the 27th of May (Decree-Law nr 9295/46) and gave birth to the CFC, the *Conselho Federal de Contabilidade*.. However, within this period Vargas was deposed and replaced by President Eurico Gaspar Dutra, who, fortunately for the accountants, belonged to the social-democratic party and had declared his intention to promote economic nationalism and industrialization and continue to support the development of professions and education.

The first CFC committee⁵⁸ consisted of nine members and included many of the activists who had fought so long and hard for its realisation. Paulo Lyra de Tavares was the first CFC president to be nominated and appointed by the Dutra Government, which had retained legislative powers to do so. Committee members were appointed via an assembly formed by representatives of the regional syndicates, with each representation composed of three members (two accountants and one bookkeeper). In total, two thirds of the CFC members were accountants and one third bookkeepers (art. 4th, items a and b).

The original plan established by the 1946 decree and discussed by the third CFC meeting on the 11th of October of the same year was to create a branch of the CFC in each region of Brazil (CRC - *Conselho Regional de Contabilidade*).⁵⁹ In order to facilitate this, a commission of accounting professionals led by reputable accounting authors Manoel Marques, Jose Dell'Aurea and Brito Pereira was established (Resolucao nr. 3, 29th October, 1946). It was envisaged that the CRCs would fall under the control of the national CFC, an autarchy originally located in Rio de Janeiro, although it was transferred to Brasilia, when the city became the capital in 1964. Once the CRCs were created, they first directed attention to the registration of accounting professionals, so only those registered could sign accounting reports.

The context within which the CFC was established and the consequences

The creation of the CFC occurred in a period of political transition, between the *Estado Novo*, the authoritarian government installed by Vargas, and the *Period Populist* (the 'new democratic era', 1945-1964), under the rule of Dutra (Tavares, 1975; Vianna and Villela, 2005). In the populist period, the middle classes (concentrated in the industrial areas, such as Rio de Janeiro and Sao Paulo) began to demand rights to better working

⁵⁸ The members were: Paulo Lyra de Tavares, Francisco D'Auria, Antonio Miguel Pinto, Pedro Pedreschi, João Ferreira de Moraes Júnior, Ovidio Paulo de Menezes Gil, Manuel Marques de Oliveira, Jose Dell'Aora and A.A. de Brito Pereira.

⁵⁹ There are currently 27 CRCs offices within Brazil and 416.405 professionals registered (222.998 *contadores* and 193.407 *tecnicos de contabilidade*) as at 31/12/2009 (CFC). Qualification exams were introduced only in 1999 (Res. CFC nr. 853/99) and the qualification certificate became a prerequisite for registration with the CRCs (*Resolução* CFC nr. 928/2002).

conditions, participation in wealth, a better quality of life and education as a means of social ascension (Skidmore, 1999). Responding to such calls the new president's agenda included the health, education, nutrition and transport and by increasing the number of universities⁶⁰ the new government provided continued support to the professionalisation of accountancy.

The creation of CFC also coincided with the installation of a new constitution (of 1946) and an expanding economy.⁶¹ In accountancy, in the 1940's multinationals began to establish themselves in Brazil to take advantage of the more open economic conditions and with them came their Anglo-American auditing firms (Price Waterhouse; Arthur Andersen, Ernest & Young, KPMG).⁶² The American and British auditing firms introduced their own accounting manuals and auditing procedures, which ultimately were adopted and to some extent reflected in Brazilian commercial legislation (which had up to that point embraced the traditions of the Italian school).

Although the introduction of the 1946 decree was the denouement of a long campaign, it did not clarify the confusion regarding status as it failed to organise the tiered profession on a task-basis and effectively bookkeepers, accounting technicians and accountants were perceived as performing the same tasks (Leite, 2005, p.113; Sa, 2008). The consequence of such failure was an increase in the number of *Tecnico em Contabilidade* and a decrease in the number of accounting students embarking on higher-education

⁶⁰ The number of universities rose from five to thirty-seven during the period between 1920 and 1946 (Leite, 2005).

⁶¹ After World War II Brazil experienced exceptionally high economic growth, ranking tenth among the largest economies by 1960 (Colistete, 2007)

⁶² The first auditing firm was installed in Rio de Janeiro in 1902 (Mc-Auliffe Davis Vell & Co – later Arthur Andersen) and the second in 1905 – Price Waterhouse. In 1957 the Institute of Public Accountants of Sao Paulo (*Instituto dos Contadores Públicos de São Paulo (ICPSP)*) was created and later became the *Instituto dos Contadores Públicos do Brasil (ICPB)*. In 1960 the Institute of Internal Auditors of Brazil (*Instituto dos Auditores Internos do Brasil- AUDIBRA*) was founded and, in 1968, the Brazilian Institute of Independent Auditors (*Instituto Brasileiro dos Auditores Independentes,- IBAI*). The Institute of Independent Auditors of Brazil (*Instituto dos Auditores Independentes do Brasil-IAIB*) was founded in 1971 and it became the Brazilian Institute of Accountants (*Instituto Brasileiro de Contadores- IBRACON*) in 1982.

programmes,⁶³ as students tended to take the shorter route towards a career (Camargo, 1991).

Despite the moves towards professionalisation, accounting students that undertook the Level 3 course (Contador) still did not obtain the same status that the other higher-education courses such as law, economics, engineering and medicine provided and there remained a perception that those undertaking level 2 courses (accounting technician) came from less privileged backgrounds (Leite, 2005; Sa, 2005,2008). Thus, the majority of talented young students rejected accountancy as profession and tended to move to engineering, law and medicine. It has been suggested that this has had a serious impact as Brazilian accountancy lost talented people to the higher-status professions. As Leite (2005, p.248) suggests: “(The) *accounting profession continue to be discarded when compared to other professions ...by 2002 there were only eight MSc and only one Doctoral programmes...The lack of research and qualified academics leads to low-quality education usually provided by accounting schools*”. Accountancy, it seems, remained saddled with the view that it was only a technical and bureaucratic task, a means of control, to be undertaken by the less privileged.

Conclusions

As an ex-Portuguese colony, Brazil came late to industrialisation and has a history of state domination and centralisation. The combination of these circumstances and the existence of a legislative model that is reflective of that to be found in continental Europe, would suggest that the concept of the “professional project”, a term rooted in Anglo-American tradition, does not lend itself easily to the case of the Brazilian accounting profession. Historically, the Brazilian state, whether it embodied the will of the people or not, was not accustomed to the devolution of power and was not prone to penetration by civil society. It had already ordained professional groups, such as the lawyers and engineers, via legislation and this was the route also pursued by the aspiring accountants, given the lack of cultural support for any alternatives. Here, access to

⁶³ There were approximately 100.000 *contadores* and 220.000 *Tecnico de contabilidade* registered in the CRCs in Brazil by 1989 and approximately 4,5 companies using accounting services (Marrion, 1998)

specialist knowledge, status, control over entry to the profession were all beyond the realms of the accountants and were exercised at the behest of the state via legislative powers.

In the twentieth century, the university sector played an important role in producing an educated elite to staff the administration of the country and state involvement with universities and education provided a knowledge base for the profession. However, by retaining control of accounting and commercial education, the state also acted as a gatekeeper to professional organisation and the occupational groups relied upon exerting pressure and gaining favour as a means of encouraging the state to support their plans for professionalisation. This study has, in particular, highlighted the role of high profile activists in pursuing legislative changes, from both within and beyond the centre of power. Indeed, several accountants (for instance, Senator Lira Tavares and Raymundo Miranda) were also elected politicians in prime positions to push through the approval of the draft decree.

In Germany and France university education was associated with middle class aspirations and entry to the civil service and academia rather than the professions (Macdonald, 1995). In Brazil, the situation was similar, although dependent on the subjects studied and an education in commerce and accountancy did not accord the holder such high status. Perhaps a legacy of its colonial inheritance, in Brazil bookkeeping and related functions had been deemed to be of a technical nature, which could be learned through experience and did not warrant an expensive university education. Such specialist knowledge flourished via the metropolis that was Rio and Sao Paulo at a time when industry was growing and absent investors and providers of credit demanded to be kept abreast of the performance of their assets. This perhaps is one of the few colonial influences identified by this study as, unlike the British legacy overshadowing professional organisation within its empire and later Commonwealth, the Portuguese had relinquished control long before the commencement of professionalisation.

Although the environment and the circumstances in which professionalisation occurs may differ, in most instances the rationale for professionalisation is often a quest to control an economically lucrative market for services and close off opportunities to non-members. In Brazil too, this rationale for professionalisation existed. Firstly, the existence of a varying quality of service providers was the impetus for organisation, as those with high educational qualifications sought to gain advantage over and at times exclude those with no formal education at all. Secondly, it was also seen as a means of protecting the market from encroachment by other professionals, for instance engineers, who if proficient in accountancy could apply for accounting roles and sign accounting reports (since the introduction of the decree). Finally, those providing such services saw and seized the opportunity for creating a closed profession that would enhance the regulation of accounting practises and, perhaps more importantly, at the same time raise the status of accounting professionals and the recognition accorded to them, in line with other professions. However, ultimately when the national body, the CFC, was created, its powers remained restricted to registering accountants and the terms of its existence were dictated by legislation and the state. The consequence of this was that the profession did not exercise control at the point of entry, but rather those that had satisfied appropriate educational requirements were able to practice. The introduction of legislation for the development of accountancy as a higher education course was a vital first step in closing off this market, but the creation of the CFC set the seal as it alone had authority to register accountants, who could then undertake accounting work. Unlike professional accounting organisations in other countries, in Brazil bookkeepers were not excluded from registration with the CFC. It may be speculated that this was simply because many of the accountants in positions of power within the government were themselves bookkeepers. Therefore, professional closure as seen in the Anglo-American tradition was not visible here, rather openness was objective making this story more akin to those of ex-British colonies that sought to create a “critical mass” (Sian, 2006).

It is interesting that the extant literature regularly refers to the British model of professionalisation and the departures from it. We would extend the argument that in fact it may be the British model that is the anomaly. Other than in Britain itself, there are

many cases where professionalisation has been the outcome of state support and professional bodies created via the legislative process – extending from countries such as Brazil to many ex-British colonies and continental European cases. Indeed there exist few real examples of countries adopting the “British model” in its purest form without some transmutation or permutation.

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