

1998

John Johnson's letters: The accounting role of Tudor merchants' correspondence

David Oldroyd

Follow this and additional works at: https://egrove.olemiss.edu/aah_journal

Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

Oldroyd, David (1998) "John Johnson's letters: The accounting role of Tudor merchants' correspondence," *Accounting Historians Journal*: Vol. 25 : Iss. 1 , Article 6.

Available at: https://egrove.olemiss.edu/aah_journal/vol25/iss1/6

This Article is brought to you for free and open access by the Archival Digital Accounting Collection at eGrove. It has been accepted for inclusion in Accounting Historians Journal by an authorized editor of eGrove. For more information, please contact egrove@olemiss.edu.

David Oldroyd

UNIVERSITY OF NEWCASTLE

JOHN JOHNSON'S LETTERS: THE ACCOUNTING ROLE OF TUDOR MERCHANTS' CORRESPONDENCE

Abstract: This article examines the role that correspondence played in the accounting systems of Tudor merchants. Merchants relied heavily on letters as a means of controlling their businesses at a distance by making agents accountable. Written accountability, as well as information for business decisions, was encouraged by agency relationships in mercantile enterprises. The system could be undermined by the breakdown of communication through the negligence of a factor or the lack of involvement by the principal. The time delays between the sending and the receipt of letters, on the one hand, and the procurement and conveyance of goods, on the other, were additional problems.

This article examines the role that correspondence played in the accounting systems of Tudor merchants, taking John Johnson as an example. It therefore approaches such issues as accountability, control, and decision making from the wider perspective of the total information available to merchants, beyond that contained in their books of account.

In this respect, the article concurs with Miller and Napier [1993, p. 631], who criticized traditional studies for taking too narrow a view about what "counts as accounting." The records of Tudor merchants are a case in point, as previous studies have tended to focus on account books, such as journals and ledgers [Ramsey, 1956; Vanes, 1967; Winjum, 1971, 1972], whereas more portable sources of accounting information were also necessary (i.e., abstracts and the post) because of the dis-

Acknowledgments: Special thanks go to Dr. M. Pincombe of the Department of English, University of Newcastle, for transcribing material from John Johnson's letters. The Public Record Office, London is acknowledged for the use of the papers of John Johnson, 1543-1553, and the supporting Calendar of State Papers. The Mercers' Company, London is acknowledged for the use of Sir Thomas Gresham's Daybook, 1546-1552.

tances over which merchants operated. Contemporary authors recognized this correspondence as part of the accounting process. Ympyn (1547), Weddington (1567), and Peele (1569) listed the copy letter book among the merchant's other account books [Yamey et al., 1963, pp. 21, 25, 44]. Weddington in particular referred to the need for abstracts and letters from factors in order to manage the merchant's affairs [Yamey et al., 1963, pp. 48, 97]. He said that merchants ought to write on any letters received:

the daie of the receat and from whom, and then the daie of the answere, that don laie them up in pressus to them apertaininge, and everi yere ons, to sort out al mens leteris severalli, and to binde them up in papers writtinge upon them the yere of owre lorde, and from whom thei have byn receavid &c. and then to laie them upon shelvez in your counttinge hous, or other ther unto apertaininge and as you do this so maie you do withe all other accomptis and writtingis [Yamey et al., 1963, pp. 48-49].

This practice was followed by Johnson, who annotated his correspondence in the manner described. The letters were sometimes numbered in sequence, so that the correspondents would know the order in which they were written, and whether any were missing. Every letter dispatched was copied into a letter book by an apprentice, who sometimes made a third copy in case the original went astray [Winchester, 1955, pp. 233-234]. Merchants therefore exercised systematic control over letters, which they retained with other accounting documents as part of a unified information system. When Johnson went bankrupt in 1553, both account books and letter books were impounded by the courts to prove the interests of his creditors.

The main problem for accounting historians of the period is the lack of documentary evidence, a fact that should be borne in mind when forming general conclusions. Ramsey's [1956] study was based on the accounts of Thomas Howell, John Johnson, Thomas Laurence, and Thomas Gresham. Winjum [1972] added to these the records of John Smythe [pp. 120-125], a Bristol merchant, and Sir William Calley [pp. 147-155], who was trading in the early years of the 16th century. The books of John Isham, a London merchant between 1542 and 1572, are another example [Yamey, 1963, p. 228]. Finally, Hooper [1995] reviewed the Cely shipping accounts relating to a voyage from London to Bordeaux in 1486-1487. The lack of surviving evi-

dence is not surprising given that trade was heavily concentrated through the port of London in the Tudor period [Ramsay, 1982, p. 39], and that many of the records were destroyed in the Great Fire of 1666. Johnson's letters are therefore invaluable, and it is ironic that we owe a debt of gratitude to his bankruptcy for their preservation. Following the conclusion of the legal proceedings, the letters were stored in the Tower of London until they were transferred to the Public Record Office in London some 300 years later [Winchester, 1955, p. 14].

The collection covers the period 1543-1553. As a merchant of the Staple of Calais, Johnson's main concern was the export of raw wool and sheep fells (hides), although he felt impelled to seek a profit wherever he foresaw the opportunity. In 1551, he wrote that he wished:

it had pleased God so to have provided for me that I might with less embracing of business have passed my times in the world. But God having appointed me to be a merchant (and such one as cannot live only to myself or for myself) I am compelled to enter into much business, and to take money and much things in hand [Winchester, 1955, p. 285].

Thus, he traded in a wide range of other items apart from wool, including wine, herring, grain, cloth, and canvas.

The collection has been considered before from a biographical perspective by Winchester [1955], and the present study builds upon her work. Winjum [1972, p. 125] inaccurately described Johnson's correspondence as "some scattered letters," whereas in fact it runs to several hundred documents. Its relative size and completeness make it a particularly useful source for considering the accounting role of Tudor merchants' letters. The article in the following sections reviews Hooper's [1995, p. 114] findings regarding the transition from oral to written accountability in light of Johnson's later practice, before considering the accounting functions performed through correspondence and attendant limitations.

AGENCY RELATIONSHIPS AND THE TRANSITION FROM ORAL TO WRITTEN ACCOUNTABILITY

Hooper [1995, pp. 87-89] said that the diversification of English merchants into overseas markets in the second half of the 15th century prompted a transition from oral to written accountability. The increased scope of operations necessitated

the use of agents and written accounts to control them. Traditional oral procedures "became increasingly inappropriate" [p. 112], whereas written accounts enabled merchants "to exercise more control over distant agents" and permitted greater accountability among partners [p. 93]. Evidence that written accounts were new to merchants at this time was found in the use of English rather than Latin [pp. 91-92], and in the repetition of clauses to emphasize particular transactions [p. 93]. Johnson's letters, for their part, contain a good deal of information about the writing process and network of agents, and, thus, provide an insight into how the formative trends identified by Hooper developed during the intervening 60 years.

The first half of the 16th century witnessed a surge in English exports, particularly woolen cloth. By 1500, woolen cloth already accounted for about two-thirds of total exports [Clay, 1984, p. 104]. Cloth exports rose from an average of approximately 56,000 cloths a year circa 1490 to about 126,000 in the 1540s [Clay, 1984, p. 13]. In 1560, the annual value of cloths passing through the hands of exporting merchants in London was estimated by contemporaries at about £1m, a "gigantic sum" compared to the city and national finances of the age [Ramsay, 1982, p. 53]. It follows that the internationalization of English trade in the 15th century continued apace in the 16th, widening the scope of merchants' operations and increasing their reliance on agents. Johnson traveled frequently between England, Calais, and Antwerp. While away, he corresponded with his brother Otwell in London, Henry Southwick in Calais, and Robert Andrew in Antwerp. His contemporary, Thomas Gresham, managed his affairs through a wide network of factors, including John Elliot and Richard Candeler in London, Richard Clough in Antwerp, and Edward Hogan and John Gerbridge in Spain [Burgon, 1839, pp. 106-108]. The papers of Thomas Sexton (1555-1561), which are also housed in the Public Record Office, London [PRO: SP 46/9], contain correspondence with overseas factors in Danzig, Antwerp, Amsterdam, Lisbon, Cadiz, and elsewhere. These merchants' letters illustrate the distances over which they operated, together with the need for written reports to control their affairs and to make their agents accountable.

The formal account books played a part in this process, and the number of references in Johnson's letters to the account books suggests that the keeping of accounts by English merchants had become commonplace by the 1540s. Johnson him-

self seems to have been highly regarded as a bookkeeper; the letters reference his associates asking him to put their accounts in order [Winchester, 1955, pp. 229-232], confirming Winjum's [1972, pp. 125-130] finding that he maintained his own ledger with great care. The letters, however, were a more flexible and timely information source than the account books, and were more useful to merchants in managing their businesses from a distance. This greater utility is illustrated both by the letters' content, which is discussed in due course, and their frequency. The brothers John and Otwell Johnson occasionally corresponded twice a day or frequently several times a week [Winchester, 1955, p. 232]. In a letter dated May 6, 1547, Otwell referred to three letters from John which had arrived in close succession:

Your long lettre (Brother) from tykeford, & thaddicion therunto in an other & last of all that of the next dayes date, I have received [PRO: SP 46/5, Fo. 200].

This frequency was not atypical; for example, Johnson wrote from Calais to his other partner, Anthony Cave, nine times during the month from April 22 to May 22, 1546.

An important feature of the Cely shipping accounts (1486-1487) was the use of Roman numerals, which made calculations difficult, and probably explains why payments and revenues were simply listed [Hooper, 1995, pp. 91, 113]. It is therefore interesting that the Johnson letters, which contain calculations, made common use of Arabic numerals. Some calculations were presented in columnar format, such as Otwell Johnson's computation of the error in John Johnson's accounts:

Calculation of Moneys Due to John Johnson

<p>... for all the declaration that you have taken paynes to sett fourth in your foresaid writings of your accompt & monneyes due & growen in Andwarpe of your last sales, yett I perceave not but that you have overshotte yourself with over charging of me: And that you may easely perceave in your first deduction / ffor you note thole sales that my brother Richard made for you to Amonte to wherof deduct paid by him at callais et cetera Andwarpe (say you), & that is vntrue attraction be truely made the rest is but is due the 15th of this monneth & in the payemente</p>	<p>945.10. 6 flles that is true <u>149. 0.10</u> / so reste at <u>841. 9. 4</u> / ffor if the subtraction be truely made the rest is but 796. 9. 8 / and of that et cetera, <u>085. 8. 0</u> / which is also true <u>711. 1. 8</u> / Of that was due the last of the last to Master warden et cetera 380.16. 0 / & taken at</p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

so yourself in lent & dayes of payment past	<u>080.10.0</u> / So your app-
tement than amonteth as it is true in dede	<u>461.6.0</u> / And that de-
ducted owte of 711.1.8 / abouesaid / your rest is	249.15.8 / & therunto let
be added the payementes monney et cetera	<u>085.8.0</u> / so boeth thies
somes amontes & that is all that is due of your hole	
	sale 335.3.8

Source: PRO: SP 46/5, Fo. 200

If Hooper [1995, p. 113] was correct that the use of Roman numerals "inhibited accounting development," the regular occurrence of Arabic numerals in the Johnson letters, particularly in association with calculations, implies an advance.

There were two main areas in which Johnson's letters performed an accounting function. First, they were useful for controlling operations at a distance by making agents/associates accountable, and, second, they aided business decisions.

ACCOUNTABILITY AND CONTROL

The letters promoted accountability and control by recording stewardship, conveying instructions, remitting cash, confirming balances, generating prime data for the account books, and providing legal evidence.

Record Stewardship: Absences necessitated the merchant's delegating authority to his factors, which was made possible through the letters acting as stewardship accounts. Johnson instructed Henry Southwick to sell fells and wool at his discretion [PRO: SP 46/5, Fo. 71], while monitoring his progress by post. Thus, the merchant expected to receive a regular account of the factor's transactions, such as sales [PRO: SP 46/5, Fo. 253], receipts and payments [PRO: SP 46/5, Fo. 47-48], bills accepted [PRO: SP 46/6, Fo. 19-19d], etc. Otwell Johnson supplied John with the following list of payments in May 1547:

Details of Payments Made in Antwerp

.... But yet briefly vnderstand
 that I have charged Robert Androwe in your name with thies paye-
 mentes following, sins your owne being hier; / Videlicet, ffirst
 To Robert voytier payable the 19th in April last 225. 0. 0 files /
 To William gravener & Richard malory the last in merche payable
 at sight 120.10.10
 To one lawrence bradshawe & his fellowe seruaut with your cosin
 sanders of harington for money hier received of them 006.11. 0
 To Jaques prieu of Andwarpe the 22th of April payable
 at sight 053.15. 0

To peter bristo the last in April payable at sight 107.10.0
 soma of thies parcelles at sight (besides my payement of 513. 6.10
 80 libra f to Jehan lobell & compaigny of lylle in the cold maert last)

Source: PRO: SP 46/5, Fo. 205

This was a type of charge and discharge accounting, which Weddington (1567) said was needed by the merchant to “se yf in all thingis they be just” [Yamey et al., 1963, p. 97]. Both of these themes were echoed in the above letter which stated:

So Sir by the promissis you may perceyve my hole charge, & the discharge . . . [and] . . . Thus syr I trust hierby & by my former writing you perceave sufficiently thorder of your buysines.

Convey Instructions: Delegation to factors did not imply a lack of intervention by the merchant; rather, Johnson relied on letters to relay instructions on how he wished his factors to proceed. Thus, he directed Henry Southwick [PRO: SP 46/5, Fo. 75] and Robert Andrew [PRO: SP 46/5, Fo. 78d] in what payments to make. Other instructions dealt with the purchase price to pay for wool [PRO: SP 46/5, Fo. 88], the consignment of goods, and the receipt of money from debtors [PRO: SP 46/5, Fo. 74-74d].

Remit Cash: The transfer of cash from one location to another was hazardous. Apart from the risk of highway robbery, merchants faced the possibility of theft by the carrier. Letters were used to reduce the latter risk by providing evidence of the amount being sent. Otwell Johnson wrote:

This shalbe to declaire vnto you that by this berar your seruant Richard preston I send you according to your writing by him iiiixx libra sterling (I say) 80.0.0 sterling [PRO: SP 46/5, Fo. 205].

The article has already commented on the common use of Arabic numerals in the Johnson letters. They were not used exclusively, however, and it is significant in the above instance that the amount being remitted was written out in both Arabic and Roman notation. Here the carrier of the letter was also bringing the cash, supporting the contention that Roman numerals persisted in accounting to guard against the fraudulent alteration of numbers, as Roman numerals were more difficult to change [Edwards, 1989, p. 47]. Other controls included the merchants writing the letters themselves, handwriting being a *proof of authenticity*, and using their own servants to act as carriers [Winchester, 1955, pp. 233, 236].

Confirm Balances: Because the ledgers were large and cumbersome, merchants relied on slim folios or “abstracts” of accounts, which they could carry with them [Winchester, 1955, p. 229]. Johnson’s abstracts listed transactions in debit and credit form in the manner described by Weddington:

The master or principall servant ought to have alwais by hym a breffe ballans, or abstract out of his great Boke, or lidger of all the accomptis Debtors and Creditors, containinge in the same withe the dais of payment [Yamey et al., 1963, p. 48].

These abstracts could also be sent by post, making them useful for confirming balances on personal accounts. In May 1546, Johnson sent copies of such abstracts to Robert Andrew before leaving Calais for England [PRO: SP 46/5, Fo. 102], and in August 1547, Andrew reciprocated with some of his own [PRO: SP 46/6, Fo. 19-19d].

Source of Prime Data: Letters and abstracts constituted a source of prime data for a merchant’s account books. In a letter to Anthony Cave enclosing copies of Mr. Smith’s reckonings, Johnson wrote that:

... ye shall perceive by them how Mr. Smith stood the 18th in March anno 1544 at my going to Calais, which I think ye have entered. . . . Ye shall find most of Mr. Smith reckonings entered in my memorial, and until his last abstract sent me in February last [Winchester, 1955, p. 230].

Weddington said that merchants ought to write daily in the memorial which formed the basis of the journal and ledger:

all suche businis, as is don by them, or ther servantis, in ther feattis of marchandize, as recevinge payinge of mony, takinge, and deliveringe of mony by exchange, acceptinge of billis by exchange, byinge and sellinge, invoizes of marchandize recevid [Yamey et al., 1963, p. 24].

It is precisely this kind of information which was contained in the Johnson letters and entered into his account books.

Legal Record: The intent that the accounts should show a complete record of the merchant’s affairs was recognized in contemporary textbooks and by the courts. “False bankrupts and broken merchants” were condemned in Johnson’s bankruptcy

proceedings for keeping incomplete books in order to defraud creditors [Winchester, 1955, p. 302]. Merchants' correspondence formed part of this legal record, as witnessed by the utilization of both letters and account books as evidence in the case against John Johnson.

These findings relating to correspondence amplify the reasons advanced by previous authors about why merchants kept accounts that emphasized accountability and control [Hooper, 1995, p. 113]. Accounts were intended to eliminate errors; to prevent embezzlement; to establish the value of a business for probate or similar purposes [Pollard, 1965, p. 212]; to keep track of credit dealings, inventories, and partners' capital [Winjum, 1972, p. 156; Chatfield, 1977, p. 58]; to serve as a memory aid [Lee, 1990, p. 88]; and to provide evidence in courts of law [Ramsey, 1956, p. 187].

DECISION MAKING

Although both account books and letters were intended to facilitate accountability and control, the scope of the information conveyed in the letters was wider, thereby forming the basis of decisions about what commodities/currencies to buy and sell, when to trade, in what markets, and on what terms. Miller and Napier [1993, p. 638] argued that the concept of decision making is a recent invention and its applicability is "historically localised" to the present. Merchants made choices about how to trade, however, and in that sense at least, the notion of decision making is not anachronistic.

It follows that in addition to submitting stewardship reports, the factor informed the merchant about any significant items that might require his intervention. Thus, news was transferred concerning the arrival or loss of shipments [PRO: SP 46/5, Fo. 245], the condition of the goods [PRO: SP 46/5, Fo. 193-194d], their market price [PRO: SP 46/5, Fo. 174], the general state of the market [PRO: SP 46/6, Fo. 6], slow payment by particular debtors [PRO: SP 46/6, Fo. 105], the rate of exchange [PRO: SP 46/6, Fo. 103], the availability of loans [PRO: SP 46/7, Fo. 17], and any newsworthy political or personal occurrences, such as the shattering blow of the deaths of Otwell Johnson and Henry Southwick in July 1551 through "sweating sickness" [PRO: SP 46/6, Fo. 112d, 182-183].

This process was a reactive one, involving decisions taken by the principal in response to information received. It was

particularly useful for merchants, such as Johnson, who were willing to enter into speculative ventures if they could foresee a profit. In May 1545, for example, Otwell Johnson advised John that Dutch draperies were selling well in London. As a result, John shipped over a further batch. In 1546, a consignment of malt was shipped to Flanders in response to a letter from Henry Garbrand informing Otwell of the good state of the market there [Winchester, 1955, pp. 258, 263].

Authors have commented that the poor state of Tudor merchants' account books potentially impeded decision making. Ramsey [1956, p. 186] said that they often showed a "very elementary technique and slovenly execution," together with a lack of timeliness in their completion [pp. 190-191]. However, despite these defects, he maintained that "the experienced Tudor merchant undoubtedly had a perfectly clear idea of the progress of his affairs" [p. 201]. If this statement is correct, the merchant must have had accurate information in a complex trading environment that involved imports and exports, credit transactions, loans, interest, bills of exchange, and foreign currencies. This information was supplied through the post. Tudor merchants were not in a position to uncover all of the information in person, owing to the international scope of their operations which obliged them to rely on factors to represent them. It follows that if written accountability was the product of agency relationships, so too was information for decision making. Yamey [1981, p. 133] realized the significance of distance in decision making. One might exclude accounting altogether from the decision process where the decision makers themselves witness the economic events. Conversely, where decisions are made at a distance, the decision makers are dependent on information supplied by others.

LIMITATIONS

Johnson's bankruptcy and subsequent imprisonment for debt raises a question mark over the effectiveness of his correspondence as a medium for accountability, control, and decision making. If the communication system was so good, why did he fail? In order to answer this, it is necessary to understand something of the economic crisis of the mid-1500s.

Various authors have described the crisis surrounding the collapse of English exports in 1550-1551 [Ramsey, 1972, pp. 66-68; Clay, 1984, pp. 113-115; Loades, 1992, pp. 90-91]. Exports

were heavily concentrated in woolen cloth traded through Antwerp, the commercial capital of Europe, to markets in northwest, central, and eastern Europe [Clay, 1984, p. 12]. Confidence was riding high in the late 1540s when demand peaked, only to be shattered in 1550-1551 when the market collapsed. This pattern is borne out by analysis of the cloth purchases recorded in the journal of Thomas Gresham, a major cloth exporter, which revealed a sharp increase in the late 1540s, followed by an abrupt decline and total withdrawal from the trade:

Thomas Gresham's Purchases of Woolen Cloth for the
5 Years Ended December 31, 1551

	<u>1547</u>	<u>1548</u>	<u>1549</u>	<u>1550</u>	<u>1551</u>
Total purchases	£7,568	£10,986	£11,149	£3,450	£0

Antwerp became flooded with cloths, some of poorer quality. It was a crisis of overproduction, connected to the English government's vacillating monetary policy. In 1549, the exchange rate of sterling fell as a result of the currency's debasement, only to rise again suddenly in 1551, following a reduction in the face value of the debased coin. The policy of debasement was traced by Challis [1978, pp. 81-112] to a new issue of coins for Ireland in 1536, followed by a series of debasements in England between 1542 and 1546. The confusion in 1551 was exacerbated by the government's giving four-month notice of its intention to devalue the coinage [Challis, 1978, pp. 105-106]. The disruption caused by the crucial cloth trade failing, together with the instability and uncertainty surrounding the value of sterling, produced financial chaos on a national scale. Hundreds of merchants went bankrupt. In Johnson's case, the situation was made worse by the death of his brother Otwell (1551), who seems to have been the driving force of the firm, and by the loss of cargoes through war [Winchester, 1955, pp. 273, 283-284]. It follows that Johnson was affected by circumstances beyond his control, which, coupled with a shortage of capital to fall back upon [Winchester, 1955, p. 277], would probably have caused his business to fail, irrespective of his accounting arrangements.

The information contained in his letters of 1551 followed the usual pattern. There were regular stewardship reports of the state of trade [PRO: SP 46/6, Fo. 100; SP 46/7, Fo. 32-33], supplemented by special information that was relevant to the

crisis. There were references to the bad state of trade [PRO: SP 46/6, Fo. 128-128d, 130d-131], the adverse price of wool, and the problems caused by the currency fluctuations. In November 1550, for example, Richard Johnson supplied details to his brother on the price of wool in Calais, and expressed his reluctance to sell wool there for less than its cost [PRO: SP 46/6, Fo. 26]. In June 1551, Johnson himself wrote to Robert Andrew from Calais concerning the price of wool, commenting that they would be obliged to seek a new trade if prices continued to fall [PRO: SP 46/6, Fo. 109d, 110d-111]. In August 1551, Anthony Cave expressed an opinion to Johnson that there would be no stability in prices until order had been restored in money [PRO: SP 46/7, Fo. 14]. Other symptoms of the crisis included a refusal to hold sterling in case it was devalued, a scarcity of gold, and a reluctance to grant loans or credit in case debtors defaulted. In May 1551, Otwell Johnson informed his brother that he had accepted £200 from Thomas Gresham, intending to change it to gold, but that little was to be had [PRO: SP 46/6, Fo. 103]. Shortly before his death in July 1551, Otwell informed John that he had sent some money to Richard Preston in Calais, and had advised him not to keep it as another devaluation seemed imminent. If he could not distribute it all to John's creditors, he was to use it to buy wool or fells [PRO: SP 46/6, Fo. 181]. Ambrose Saunders, who wrote to Johnson in the same month, observed that people were unwilling to sell for ready money because they feared another devaluation [PRO: SP 46/7, Fo. 7]. Finally, in September 1551, Henry Garbrand wrote to Johnson that loans were unobtainable at Antwerp because of bankruptcies, although he noted the capture by the French of 17 ships laden with merchandise for Spain as another reason [PRO: SP 46/7, Fo. 17].

The crisis of the mid-1500s is significant from an accounting perspective because it sharpened the need for good information. Were there inherent weaknesses in the information network available to Tudor merchants? In the first place, the system depended on the personal involvement of the merchant and the integrity of the factor if it was to function effectively as a control mechanism. Agents were not autonomous, and merchants intervened either through correspondence or personal supervision. One of the difficulties faced by Johnson's business was his desire to spend an increasing amount of time away from business on his country estate in Northamptonshire [Winchester, 1955, pp. 221-222, 273]. As early as May 1547, Otwell

Johnson was writing to John, in response to criticism of his own performance, that if:

... ever ther hadde benn anny, yrkesomes (as you call it) in me towards the performance of your appointementes, I am sure you shuld have made mooviages to london, & longer abrodes ther with larger coste than you have hietherto done, sins I could do anny thing for you [PRO: SP 46/5, Fo. 205].

The breakdown of communication through the negligence of a factor posed another problem. It was through an indirect source that Johnson learned in May 1551 that the Calais business was in a mess, due in part to his brother Richard's mismanagement [PRO: SP 46/6, Fo. 103]. This state of affairs necessitated an immediate journey to Calais to try to sort matters out [Winchester, 1955, p. 276].

Second, information through the post could not guarantee successful decisions, owing to the time delay of the postal system. In March 1546, Johnson informed Mistress Baynam that most of her wool had already been sold before her letter had arrived, instructing him to send it to Calais [PRO: SP 46/5, Fo. 87]. In June 1551, Johnson wrote to Robert Andrew regretting that a shipment of wool could not be stopped, as it had already been loaded [PRO: SP 46/6, Fos. 110d-111]. The implication is, that had they known about the new fall in wool prices sooner, they would not have shipped it. In the case of speculative ventures, where the source of supply had not been organized beforehand, the opportunity described in a letter might vanish before the goods could be dispatched. This scenario was true of the 1546 purchase of malt, referred to above. By the time the grain had been procured and dispatched, the market price had fallen in Flanders, and the partners of the venture were left with surplus malt on their hands [Winchester, 1955, p. 263].

CONCLUSION

English overseas trade developed rapidly in the first half of the 16th century, widening the scope of merchants' operations and increasing their dependence on agents. Tudor merchants relied heavily on letters as a means of controlling their businesses at a distance by making agents accountable. The article supports the contention that written accountability among merchants was encouraged through agency relationships. Letters promoted accountability and control by evincing agents' stew-

ardship, conveying instructions, controlling the remittance of cash, confirming balances on personal accounts, acting as a source of prime data for the account books, and, finally, by providing a legal record of mercantile transactions. They were also useful for business decisions about what commodities/currencies to buy and sell, when to trade, in what markets, and on what terms. Tudor merchants were not in a position to uncover all this information in person, owing to the international scope of their operations. It follows that if written accountability was the product of agency relationships, so too was information for decision making. The system could be undermined by the breakdown of communication through the negligence of a factor or lack of involvement of the principal. The time delay between sending and receiving letters and procuring and conveying goods caused further difficulties.

What are the implications for future research? By examining the accounting role of merchants' correspondence, the article agrees that accounting records can be understood in a wider sense than the account books. Thus, the scope is widened for accounting historians of the period, since there are other collections containing useful material on the types of information available to Tudor merchants. The article referred to the 1551-1561 correspondence of Thomas Sexton [PRO: SP 46/9], housed in the Public Record Office, London. Class SP 46 in the Public Record Office also contains a good deal of material from the early 17th century that may be relevant. It would be interesting to compare the letters of English merchants to those of the Italian merchant community that was resident in London in the 16th century. In this connection, there is the mercantile correspondence, 1558-1601, of Philip and Bartolomew Corsini, Florentine merchants in London. Although the originals have been dispersed to various locations, the London Guildhall Library holds copies of the entire collection.

Finally, the article has discussed the economic crisis of the mid-16th century, an event felt to have been a turning point in economic history as it forced English merchants to seek markets outside Europe. English merchants stood on the threshold of a colonial expansion into new international markets, with the joint-stock company as a new form of commercial organization to share the increased risks [Ramsey, 1972, p. 66; Quinn, 1983, p. xi]. The article has described the information network that was available to English merchants in a European setting.

More work, such as Roy and Spraakman's [1996] study of the

Hudson's Bay Company, tracing how that network developed in response to increased distances and new modes of operation, would be useful.

REFERENCES

Archival Sources:

John Johnson's Papers, 1543-1553, Public Record Office, London.
Calendar of State Papers Supplementary, Part 5, Private Papers, Series 1, 1535-1705, Public Record Office, London.

Thomas Gresham's Daybook, 1546-1552, The Mercers' Company, London.

Secondary Sources:

Burgon, J.W. (1839), *The Life and Times of Sir Thomas Gresham*, Vol. 1 (London: Effingham Wilson).

Challis, C.E. (1978), *The Tudor Coinage* (Manchester: Manchester University Press).

Chatfield, M. (1977), *A History of Accounting Thought* (New York: Robert E. Krieger).

Clay, C.G.A. (1984), *Economic Expansion and Social Change: England 1500-1700*, Vol. 2 (Cambridge: Cambridge University Press).

Edwards, J.R. (1989), *A History of Financial Accounting* (London: Routledge).

Hooper, K. (1995), "The Cely Shipping Accounts: Accountability and the Transition from Oral to Written Records," *Accounting Historians Journal*, Vol. 22, No. 2: 85-115.

Lee, T.A. (1990), "A Systematic View of the History of the World of Accounting," *Accounting, Business and Financial History*, Vol. 1, No. 1: 73-107.

Loades, D. (1992), *The Mid-Tudor Crisis 1545-1565* (London: Macmillan).

Miller, P. and Napier, C. (1993), "Genealogies of Calculation," *Accounting, Organizations and Society*, Vol. 18, No. 7/8: 631-647.

Pollard, S. (1965), *The Genesis of Modern Management* (London: Edward Arnold).

Quinn, D.B. (1983), *England's Sea Empire* (London: George Allen & Unwin).

Ramsay, G.D. (1982), *The English Woollen Industry 1500-1750* (London: Macmillan).

Ramsey, P. (1956), "Some Tudor Merchants' Accounts," in Littleton, A.C. and Yamey, B.S. (eds.), *Studies in the History of Accounting* (London: Sweet & Maxwell): 185-201.

Ramsey, P. (1972), *Tudor Economic Problems* (London: Victor Gollancz).

Roy, S.P. and Spraakman, G. (1996), "Transaction Cost Economics and Nineteenth Century Fur Trade Accounting: Relevance of a Contemporary Theory," *Accounting History*, Vol. 1, No. 2: 55-78.

Vanes, J. (1967), "Sixteenth Century Accounting: The Ledger of John Smythe, Merchant of Bristol," *The Accountant*, Vol. 157, September 16: 357-361.

Winchester, B. (1955), *Tudor Family Portrait* (London: Jonathan Cape).

Winjum, J.O. (1971), "The Journal of Thomas Gresham," *Accounting Review*, Vol. 46, No. 1: 149-155.

Winjum, J.O. (1972), *The Role of Accounting in the Economic Development of England: 1500-1750* (Urbana, IL.: Center for International Education and Research in Accounting).

- Yamey, B.S. (1963), "Book Reviews, John Isham: Mercer and Merchant Adventurer," *Accountancy*, March: 228.
- Yamey, B.S. (1981), "Some Reflections on the Writing of a General History of Accounting," *Accounting and Business Research*, Vol. 11, No. 42: 127-135.
- Yamey, B.S., Edey, H.C., and Thomson, H.W. (1963), *Accounting in England and Scotland: 1543-1800, Double Entry in Exposition and Practice* (London: Sweet & Maxwell).