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Locating moral boundaries in the early accountancy profession

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‘At elections all the ordinary rules of life are suspended, and gentlemen who at any other time would scrutinize the accounts of their servants with the keenest vigilance, refrain from ascertaining whether the published returns include the total of the cheques which they have signed’. (Courtney 1881, 487)

ABSTRACT

Studies of the accounting profession increasingly suggest the alterability of ethical and moral boundaries over time and space. This paper explores moral delineation in the British accountancy profession at a key juncture during its institutionalisation. The results of a micro-level investigation of the case of David Chadwick are presented. Chadwick, a major contributor to the organisation of the profession and a Member of Parliament, was found guilty of bribery in 1881, shortly after the formation of the Institute of Chartered Accountants in England and Wales. Highly publicised revelations of his misconduct appear, however, to have been received with indifference by the accountancy bodies to which he belonged. The study explores a number of possible explanations for this apparent disinterest at a time when the conduct of accounting professionals was under close scrutiny. It is suggested that in late Victorian Britain, bribery, though a criminal act, was seldom perceived as immoral and was therefore located outside the moral boundaries of the accounting profession.

KEYWORDS: Accountancy profession; morality; bribery; elections; David Chadwick

Introduction

During the early 2000s researchers at Cardiff Business School conducted a number of studies on the early history of the Institute of Chartered Accountants in England and Wales (ICAEW). Malcolm Anderson was a key contributor to many of these investigations. In 2004 Walker (2004a, 2004b, 2004c) explored the formation of the ICAEW and its predecessor bodies, as well as the jurisdictional conflicts attending professionalization in England and Wales. This was followed by Edwards, Anderson and Chandler’s (2005) analysis of the problematic nature of the institutionalisation of the ICAEW, and Anderson, Edwards and Chandler’s (2005) examination of the organisation’s early attempts to distinguish its members as more highly qualified. Two years’ later, Edwards, Anderson and Chandler (2007) tracked the emergence of the ‘public accountant’ in the decades previous to the formation of the ICAEW in 1880. The authors also demonstrated how the early Institute sought to define the work jurisdiction of the chartered accountant (Anderson, Edwards and Chandler 2007).

The focus of attention then switched to analyses of the founders of the ICAEW. Chandler, Edwards and Anderson (2008) examined cases of disciplinary action taken against members for criminality and ethical breaches. Anderson and Walker’s (2009)

prosopographical study revealed that many of the founders of the ICAEW experienced long-distance upward mobility into the profession and hailed from less impressive social origins than their counterparts in Scotland. Biography featured significantly in this research agenda and was a branch of accounting history inquiry that Malcolm Anderson particularly enriched. His other collaborations, such as with Parker and Zeff (2012), represent important responses to the long-standing call for the production of collective biographies of significant contributors to accounting thought and practice in Britain (Cowton 1985). The current study represents a continuation of this research agenda. In particular, it further advances the work that Malcolm Anderson authored with colleagues at Cardiff on professional misconduct and the founding members of the ICAEW.

To date, biographical investigations of misconduct in the early accountancy profession in the UK have focused on the cases of those excluded from their organisations due to criminality or breaches of the rules. Here, in contrast, the focus is on an instance of misconduct that was not deemed worthy of investigation or punishment by the profession. The paper explores the case of David Chadwick, a luminary in the Victorian accountancy profession, who was unseated as a Member of Parliament in 1880, the year in which the ICAEW was established and received its Royal Charter, and who was found guilty of electoral bribery in 1881. The professional organisations of which Chadwick was a member appeared unconcerned about this highly public rebuke of one of their foremost members. Few commentators in the accounting literature have examined this episode despite the insights it might offer to locating the moral boundaries of the accountancy profession during the late nineteenth century. Most obituary notices and subsequent biographers merely state the fact of Chadwick's unseating as an MP. The author of *A History of Cooper Brothers* (1954, 45) is an exception. Intriguingly, the author notes that one of the grounds for Chadwick's unseating 'was the failure to keep proper accounts'.

That a case suggestive of ambiguous notions of misconduct exists is not surprising given the findings of recent studies indicating the mutability of moral boundaries and ethical prescriptions in the accountancy profession. Histories of the regulation of conduct in the early chartered bodies point to an initial adherence to informal peer pressure and moral imperatives, ad hoc institutional responses to individual cases, and progression towards codification (Walker 1996; Chandler, Edwards and Anderson 2008). It has been revealed that when early disciplinary codes were devised they were not always applied consistently. In relation to Scotland during the second half of the nineteenth century, Lee (2011) attributes this variation to imprecise rule-making and sympathy among the professional populace for individual miscreants. So far as the wider business world was concerned, Robb (1992, 169) argues that the combination of permissive company law and Victorian individualism ensured that 'ethical boundaries remained vague' and moral evasion was often feasible. Hence, whereas embezzlement was a criminal act, insider dealing and financial statement manipulation were often tolerated. The business community had a 'limitless ability to justify dishonest behavior or to evade moral responsibilities for such behavior' (ibid., 173). Another area where ethical and moral boundaries were blurred in Victorian Britain was bribery, the focus of the current study.

Stipulations of ethical conduct also shifted over time. Chandler (2017, 190) reminds us that while some issues of professional etiquette and ethical conduct endure (such as 'low balling'), others, such as advertising, once perceived as a serious offence, are now deemed acceptable: 'while some components of the model of the ethical accountant remain immutable and the problems of clarifying appropriate

behaviour insoluble, other issues disappear as society evolves and notions of ethics change'. Studies in more modern-day settings also point to the way in which shifting moral boundaries in wider society result in the renegotiation of moral imperatives by professionals (Radcliffe et al. 2018). This phenomenon is deemed much more discernible at the level of individual actors. The moral boundaries of communities and societies can be redrawn with consequences for the determination of what is deemed acceptable and unacceptable conduct and whether individuals displaying certain behaviours are considered worthy of inclusion or exclusion (Edgell, Geteis and Hartmann 2006).

The current paper draws on the archives of the relevant professional organisations (the ICAEW and the Manchester Institute of Accountants), contemporary newspapers and journals, parliamentary papers as well as secondary sources. The study is structured as follows. A biographical overview of the life of David Chadwick and his significance in the early accountancy profession is provided in the following section. This is followed by a discussion of his career as an MP and its culmination in his unseating and being found guilty of bribery. The apparent absence of a response to Chadwick's misdemeanours by the professional bodies of which he was a member is then explored. A subsequent section presents possible explanations for this absence with a view to locating the moral boundaries of the accountancy profession during the late nineteenth century.

David Chadwick and the accountancy profession

David Chadwick (see Figure 1) was one of the foremost accountants in Victorian Britain and a key figure in its professionalization. An obituary described him as one of the 'fathers of accountancy' and, in this field, 'one of the best known men of his time' (Parker 1980). Chadwick was born in Macclesfield, Cheshire, on 23 December 1821, the youngest child of John and Rebecca Chadwick. Aged 11 he was removed from school and sent to work in a warehouse in Manchester (*Minutes of the Proceedings* 1896, 448). In 1843 he progressed from clerkship to practising as an accountant. One year later he was appointed Treasurer to the Corporation of Salford. Around 1859-1860 he resumed in practice as an accountant and insurance agent, at King Street, Manchester. In 1862 he assumed Alexander Hathorn as his partner but a year later, following the latter's retirement, he entered into partnership with John Adamson under the title Chadwick, Adamson & Co (Parker 1980; *Manchester Guardian* 14.12.1869). In 1868 the firm became Chadwick, Adamson, Collier & Co. and from 1878 Chadwick, Collier & Co. In 1864-1865 Chadwick opened an office in London and moved his principal residence there. The 1871 census reveals his occupancy of 27 Belsize Park, Hampstead where he headed a household serviced by a coachman, a cook and two housemaids. His firm was split into three practices in 1883 and from 1890 Chadwick operated on his own account (*A History of Cooper Brothers & Co* 1954, 45-47; Parker 1980).

(Figure 1 about here)

As his foremost biographer states 'Chadwick was no ordinary accountant' (Cottrell 1984, 2004). He gained a considerable reputation as a company promoter, being involved in the formation of at least 47 companies in the period 1862-1874. Matthews, Anderson and Edwards (1998, 108) contend that Chadwick was the best-known practitioner in company promotion, adding that many of his conversions of

family businesses ‘were important mid-Victorian iron, steel, and coal companies of which he became auditor’.¹ In this work he ‘set the highest of standards’ (Cottrell 2004). According to Robb (1992, 94-99) permissive statutes ensured that the promotion of new companies offered considerable opportunities for white collar crime, but in contrast to some of his contemporaries, Chadwick exemplified ‘best practice’ and his flotations were ‘unusually long-lived’. Although he charged modest rates of commission, these appointments could be highly lucrative – the formation of Bolckow, Vaughan and Co., for example, generated commission of £20,000 in 1865 (*Manchester Guardian* 14.12.1869). In his *Memoirs* Edwin Waterhouse recalled how, at end of his apprenticeship with Coleman, Turquand, Youngs and Co, he had worked on the accounts of collieries:

...which were about to be converted into a joint stock company through the instrumentality of Mr David Chadwick of Manchester. This gentleman had at the time a great reputation in this line and it was interesting to me to be thus brought across him. I think Bolckow, Vaughan & Co. Ltd and Palmers Shipbuilding & Iron Co. Ltd amongst many other limited companies owed their existence to him and his Manchester friends. But he was not universally successful and little was heard of this class of business by him after the troubles of 1866. (Jones 1988, 75)

The ‘troubles of 1866’ referred to by Waterhouse (the panic following the failure of Overend, Gurney and Company) and their aftermath also saw Chadwick engaged in bank rescues. These confirmed his national reputation in corporate financing. He was the first professional accountant to give evidence before a government committee on company law - the Select Committee on the Limited Liability Acts in 1867 (Matthews, Anderson and Edwards 1998, 108, 122). By the 1870s Chadwick’s involvement in finance and investment had extended beyond heavy industry concerns in the north of England (Cottrell 1984, 2004).

Chadwick’s exceptionalism was also evident in his diverse interests and achievements. As *The Times* (21.9.1895) reported in its obituary, his life ‘covered a wide field of social and public effort’. In 1854, with the Borough Surveyor of Salford, he took out a patent for a ‘stench-trap grid’ and delivered a prize-winning paper on water meters, becoming an associate of the Institute of Civil Engineers in that year. He was elected a member of the Iron and Steel Institute in 1889. Chadwick’s activism in educational improvement and the demand for public libraries was manifest in his involvement with the establishment of The Salford Royal Free Library and Museum and Salford Working Men’s College, his connections with the Educational Aid Society of Manchester, his directorship of the Manchester Athenaeum and his later appointment as a governor of Royal Holloway College, Egham (Cottrell 1984; Davies 1961, 285).

David Chadwick was also a statistician. He was President of the Manchester Statistical Society, 1865-67, an organisation that focused on the investigation and analysis of social problems (Ashton 1934), and a member of the Council of the London Statistical Society. He was Secretary of the Statistical Science section when the British Association met in Manchester in 1861. Chadwick authored numerous articles and pamphlets on subjects ranging from wage rates in Lancashire, free public libraries, parliamentary representation, local authority rates, sanitary reform, water meters, profit sharing, economic depression, income tax, and joint stock companies (Cooper 1884, 233; Cottrell 1984). An obituary records that ‘Without pretensions to

be a scientific man, he was in the habit, until recent years, of frequently attending the meetings of technical societies' (*Minutes of the Proceedings* 1896, 449).

In 1868 David Chadwick was elected as a Liberal MP for Macclesfield and served as such until he was unseated in 1880. His principal contributions in the House of Commons were focused on the amendment of the Companies Act 1862 (Cottrell 1984). In 1876 he introduced a Companies Acts Amendment Bill (*Times* 21.9.1895). Although this failed to enter the Statute Book, Chadwick was appointed a member of the Company Law Amendment Committee (Lowe Committee) in 1877, where he promoted his Bill's provision for statutory financial statements (Edwards 2019a, 83, 196). In 1871 he sought the appointment of a Select Committee to investigate the assessment of income and property tax (Parker 1980).

David Chadwick was a prime mover in the organisation of the accountancy profession in England and Wales (Walker 2004a). When, in the mid-1860s, he opened a London office, Chadwick (1871, 4) made an unsuccessful attempt to establish an Institute of Accountants in the capital. Although he was not active in the subsequent inauguration of the London Institute of Accountants in 1870 he was one of its 'first fellows' (Walker 2004a). As a practitioner in both cities Chadwick was well placed to urge accountants in Manchester to follow the example set in London. Indeed, he was the main promoter of the Manchester Institute of Accountants. In December 1870, barely one week after he became a member of the London Institute, Chadwick advocated the formation of a similar organisation in Manchester with a view to closing the local profession to the incompetent (Walker 2004b, 24-27). The letter convening the first meeting of the Manchester Institute of Accountants was sent from the offices of Chadwicks, Adamson, Collier & Co in December 1870 and meetings were held in the firm's board room until the Institute obtained its own premises in 1874. Chadwick was a member of the committee appointed to establish the Institute and on 25 February 1871 was elected its first President (*Manchester Courier and Lancashire General Advertiser* 13.12.1870; Minute Book 1870-1882, 6-7). During an 'Inaugural Address' in April 1871 he articulated the objects of the new organisation and congratulated its members for pursuing a venture that would raise the status of the profession (Chadwick 1871).

Of particular interest to Chadwick was the development of a knowledge-led accountancy profession. He was anxious that the new professional bodies establish training and examination systems so that entry could be based on proven erudition (*Law Times* 31.12.1870; Chadwick 1871, 12). In a presentation to the members of the Manchester Institute in October 1871 he considered that one of 'The Best Means of Making the Institute Useful' would be the diligent pursuit of the knowledge necessary to practise accountancy. In his view it was their superior education and ability that would ultimately distinguish professional from non-professional practitioners (Walker 2004b, 122-125, 137-138).

In his 'Inaugural Address' Chadwick had indicated that his parliamentary duties and business in London would limit his ability to play an active part in the activities of the new institute. However, he would co-operate with the Council to promote its 'prosperity and usefulness' (*Manchester Courier and Lancashire General Advertiser* 4.4.1871). To that end he sent a cheque for 50 guineas as a prize fund for an essay competition organised by the institute on various aspects of accountants' responsibilities (Minute Book 1870-1882, 53) and provided wine for the annual dinner of members in June 1873 (*ibid.*, 68). When his term as president was completed in May 1874 he became a member of council (*ibid.*, 103), and was re-elected in 1877 despite never attending its meetings. One of his few interventions

concerned a proposal in 1877 to change the rule relating to the expulsion of members. He sent a telegram to express his support (ibid., 232).

As an MP Chadwick proved a useful vehicle for communicating professional opinion to policy-makers on matters impacting accountants such as the reform of bankruptcy and companies legislation (Walker 2004b, 106). At the end of 1874 he presented the Manchester Institute's memorial to the Lord Chancellor on the working of the Bankruptcy Act 1869 (Minute Book 1870-1882, 119, 121). From 1876 Chadwick sought the Manchester Institute's view on the Companies Acts Amendment Bill that he introduced to the House of Commons in 1876 and 1877 (ibid., 190-191, 195, 211-212). Here, he received the support of the Institute; the council were especially approving of his measure to requiring the preparation of annual reports and accounts and the statutory audit of the balance sheet (ibid., 195).

As a member of the parliamentary Select Committee on the Companies Acts 1877 Chadwick invited members of the accountancy bodies to give evidence, thus elevating the profile of the profession and providing an arena for the promotion of its interests. The appearance before the Select Committee of leading practitioners to discuss the remuneration of liquidators provided an opportunity to advance the case for restricting certain appointments to qualified accountants (Walker 2004b, 181). In the wake of the collapse of the City of Glasgow Bank in 1878 Chadwick also urged the Manchester Institute to develop a common position with other accountancy organisations on the audit of banks (Minute Book 1870-1882, 273). Despite his record of non-attendance at its meetings, Chadwick was re-elected as a council member of the Manchester Institute at its annual meeting on 9 April 1880, a few days after his re-election as an MP for Macclesfield (ibid., 316).

From 1870 Chadwick had advocated the formation of a unified, national institute of accountants incorporated by Royal Charter (Walker 2004b, 30-31; *Manchester Guardian* 24.12.1870). In his 'Inaugural Address' to the Manchester Institute he reaffirmed his hope 'That in a few years, the established institutes of accountants will unite all the skilled members of the profession' (Chadwick 1871, 7; *Accountant* 3.4.1876, 6). As it became clear during the 1870s that city-based organisations impaired the profession's ability to protect and advance its interests, his vision was to be realised. The ICAEW received its Royal Charter in May 1880. Chadwick's opinions and his support had been sought in 1878-9 when the profession attempted to secure incorporation via legislation (Walker 2004b, 198, 207). In July 1879, as the formation of a new national incorporated institute of accountants progressed, Chadwick was identified as one of three members of the Manchester Institute who would sit on the Council of the new body (Minute Book 1870-1882, 298).

David Chadwick died, following a stroke, on 19 September 1895. Obituaries referred to a man totally absorbed in business who displayed an 'innate autocracy' and 'aversion to criticism, advice, or opposition' (*Minutes of the Proceedings* 1896, 450). He was difficult to work with and reputedly 'found excitement in litigiousness. In thirty-two years, between 1860 and 1892, he had no less than ten partners, from seven of whom he separated with lawsuits' (ibid.; Cottrell 2004). Chadwick was generous to the poor but also impetuous and hurtful (Parker 1980). Parker (1986, 62) considered that Chadwick's election as an MP and his being called to give evidence to Company Law Amendment Committees in 1867 and 1877 was testament to the advancing social status of the accountancy profession in Victorian Britain (also Matthews, Anderson and Edwards 1998, 123). However, the manner in which his parliamentary career came to an end was unlikely to have reflected well on the new profession.

Chadwick and electoral bribery

Chadwick's parliamentary career centred on Macclesfield, the town of his birth and where he had lived when very young. Macclesfield was one of a number of northern manufacturing towns newly enfranchised following the Great Reform Act of 1832. The borough was represented by two Members of Parliament. Chadwick's pathway to the House of Commons resonates strongly with the observation that in many constituencies the selection of candidates was determined by their capacity to spend money and maintain political standing through acts of local benevolence (Seymour 1915, 390; Hawkins 2015, 157-159).

David Chadwick, MP

Chadwick's interest in Macclesfield had been revived in 1864 following an invitation from his friends there to invest in Lower Heys Mill (Griffiths 2006, 15-19). At this time silk manufacturing, the dominant industry in the town, was depressed but Chadwick considered that the mill was commercially viable. With 11 others he subscribed £200,000 to the Grove Spinning Company (*Macclesfield Election Commission* 1881, 310, 1550). When opened, the mill engaged around 1,000 hands, making Chadwick one of the largest employers in the district (ibid., 268). Although he claimed that his personal investment in the venture was borne of 'sympathy for old Macclesfield' rather than political ambition (ibid., 261), very soon thereafter Chadwick was invited to contest the borough.

There was a tradition of employer influence in elections in medium-sized towns such as Macclesfield that were dominated by a single industry (Pugh 2002, 14). Indeed, the seat was controlled by John Brocklehurst, the largest silk manufacturer in the borough (Malmgreen 1985, 114). Brocklehurst and his son William were, successively, the senior Liberal representatives for Macclesfield from 1832 to 1880 (Hanham 1959, 71, 410; O'Leary 1962, 140). Chadwick agreed to stand for election as the junior member on an 'Advanced Liberal' (radical) ticket. Lower Heys Mill was reputedly opened near the time of Chadwick's first electoral contest in 1865. A 'large procession' had been assembled for the grand opening. Chadwick also enhanced his credentials as a new candidate by making a donation of £250 to the town for distribution as 'charity' (*Macclesfield Election Commission* 1881, 16, 372).

At the general election of 1859 a Liberal and a Conservative had been returned unopposed for Macclesfield. In 1865 Chadwick's appearance as a second Liberal candidate changed the electoral dynamics. According to Hanham (1959, 268), corruption had been declining in the constituency during the 1850s but Chadwick's candidacy introduced 'general and undisguised treating' and other corrupt practices by both political parties. Despite assistance from his friends, a staff of clerks from Manchester, and heavy personal expenditure, the campaign cry of 'Plump for Chadwick' proved insufficiently persuasive in 1865 (see Figure 2) (*Macclesfield Election Commission* 1881, 1433). Chadwick came third with 421 votes. The contest had been bitter, and was characterised by Chadwick's hostility towards his fellow Liberal, the ageing senior candidate on the ticket, John Brocklehurst (*Macclesfield Election Commission* 1881, 294-295; O'Leary 1962, 140).

(Figure 2 about here)

Chadwick was, however, elected as an MP in 1868 (when the Liberals, under Gladstone, were returned with an increased majority), in 1874 (when the Conservatives gained power under Disraeli), and in 1880 (when the Liberals won a substantial majority and Gladstone again became Prime Minister). Chadwick's electoral prospects had been improved by the passing of the Reform Act 1867 which had extended the franchise to the 'respectable' working classes and created a 'popular mass electorate' in borough constituencies. The number of voters in Macclesfield had increased from 964 to 4,925 and it was envisaged that two Liberals might now be returned (O'Leary 1962, 140; Hawkins 2015, 243; *Macclesfield Election Commission* 1881, 1496). An efficient and highly structured organisation of party agents, committees and canvassers was put in place to help secure that outcome (O'Leary 1962, 140-142).

Chadwick was popular among the working men of Macclesfield (*Macclesfield Election Commission* 1881, 1500, 1508). Not only had his investment in a local mill created jobs, he personally provided the £5,140 necessary to construct a free library in the borough. This was opened in 1876. He also funded the purchase of the library's first 10,000 books (*British Architect* 26.5.1876; Davies 1961, 284-288; Griffiths 2006, 112-116). Chadwick claimed that this was not a vote-catching act. Rather it was an extension of his long-standing interest in the free library movement. More cynical observers noted that the decision to build the library was coterminous with the dissolution of Parliament in 1874 and the prospect of Conservative success at the ensuing election (*Macclesfield Election Commission* 1881, 18, 268). Despite his acts of civic philanthropy Chadwick's margin of victory over the third placed Conservative candidate was never great. In 1874 his majority was 42 votes. In 1880 it was 66 in a constituency now comprising 5,304 registered electors.

In 1880 the Macclesfield election took place on 1 April. By the end of the month a petition was lodged in the High Court of Justice by four local voters contending that the result should be deemed null and void. Following the Parliamentary Elections Act 1868 and Parliamentary Elections and Corrupt Practices Act 1879 such election petitions were heard by judges rather than, as had been the case hitherto, the House of Commons. This shift from a legislative to a judicial hearing of petitions indicated to the public that breaches of electoral law were to be treated as a 'species of crime' (Hanham 1959, 274).

In the case of the Macclesfield election in 1880 the petitioners claimed that the elected MPs (the Liberals - William Brocklehurst and David Chadwick), their agents, and others acting on their behalf, were guilty of bribery, treating and undue influence before, during, and after the election (*Macclesfield Election* 1880, 9). Chadwick, assuming that he could offer no defence attempted to have the petition withdrawn by offering to resign his seat in favour of the defeated Conservative and pay the costs of raising the petition (*Macclesfield Election Commission* 1881, 303-308; Davies 1961, 295). This attempt to avoid the publicity of a trial failed and the petition proceeded.

Evidence on the petition was taken by two justices in Macclesfield on 21-22 June 1880 (*Macclesfield Election* 1880). Chadwick and his fellow Liberal MP were represented by counsel. Counsel for the petitioners reported that their requests for copies of the accounts of the election expenses of the Liberal candidates had been refused. The judges ordered their production. At the trial three witnesses explained that the Liberals had arranged for 2,000 two-penny tickets to be printed for distribution to voters. The tickets were exchangeable for goods at the local co-operative store. There had been no accounting for these in the published electoral expenses. The justices determined that bribery and treating had prevailed at the

election and that the seats of the two MPs be declared void (*Macclesfield Election* 1880, 8). Chadwick was reported as appearing ‘considerably depressed’ by the outcome and left the trial to a mixture of ‘cheers and hissing’ (*Manchester Courier and Lancashire General Advertiser* 23.6.1880).

The Royal Commission into Corrupt Practices in Macclesfield

In cases where the trial of an electoral petition revealed that corruption had been extensive the judges were remitted to inform the House of Commons and an inquiry could be ordered (Seymour 1915, 422-425). Under an Act of 1852 Election Commissioners could be appointed to undertake this and report to Parliament. The Commission to inquire into the existence of corrupt practices at parliamentary elections in Macclesfield received its Royal Warrant on 9 September 1880. Its subsequent report was dated 22 March 1881. The Commissioners reported that they were convinced from a very early stage of their inquiry that corrupt practices had been committed at the 1880 election ‘to a most serious extent’ (Report 1881, 1). In fact, it became clear that such practices were rife during the elections of 1865, 1868 and 1874.

In 1865 £5 notes had been distributed to individuals to secure votes for Chadwick. Further, Chadwick was implicated in the ‘open and undisguised treating’ of voters to the extent of several hundred pounds at the Bull’s Head Hotel, his campaign headquarters. He had periodically and directly furnished his agents with funds for illegal expenditure as they had requested. The timing of such payments had also contravened the Corrupt Practices Prevention Acts. In fact, 47% of the £1,537.9.1 of election expenses incurred by Chadwick in 1865 were unpublished and deemed illegal. The Commissioners concluded that they:

...have no hesitation in declaring their belief that Mr. Chadwick being a gentleman of considerable experience in election matters, must have known quite well that a large proportion of that money was required and used for purposes of an illegitimate kind. It is, of course, also obvious that he must have known that large sums had been expended which were not included in the published expenses.
(Report 1881, 3)

At the 1868 election money was paid to voters in compensation for travel costs and wages lost in leaving their work to vote, and a considerable sum was spent on treating voters and non-voters to drinks, especially after the result was declared. Whereas the accounts of election expenditure incurred by the other candidates were found to be practically correct, the Commissioners were of the view that ‘Mr. Chadwick’s account of his expenditure at this election was by no means satisfactory. He was unable to account for any payments beyond the amount of his legal expenses; but it appears to us perfectly clear that these were not all the payments made’ (Report 1881, 6). 42% of Chadwick’s election expenses in 1868 were deemed undisclosed and illegal. In addition to the expenses incurred by his agent, the Commissioners were convinced that Chadwick and his fellow Liberal candidate ‘knew that money was illegally expended on their behalf by Alderman Bury, and that they reimbursed him the amount he had spent, with full knowledge of this fact’ (ibid., 7). This was also in contravention of legislation requiring that payments only be made through the agents appointed for managing election expenses.

At the 1874 election voters were again compensated for travel expenses and wages lost, and treating also took place. It was concluded that both Liberal candidates ‘must have been fully aware’ that money they paid to a Mr William Smale (whose function was to superintend illegal expenditure), was spent illegally on their behalf (Report 1881, 8). Chadwick was once again singled out for contravening the Corrupt Practices Prevention Acts by paying money to defray electoral expenses directly to Smale as opposed to his official agent for election expenses (ibid.). 68% of Chadwick’s expenses in the 1874 contest were unpublished and deemed illegal.

In relation to the 1880 election the Commissioners noted that in 1879 Chadwick had ‘professed to entertain’ scruples in expressing disquiet about press coverage of bribery at recent municipal elections in Macclesfield. He was determined to contribute no more than £500 to meet the expenses of the next parliamentary contest (Report 1881, 15). However, he was later persuaded to commit a total of £1,000 in the expectation that the election ‘could not be won with a purely legal expenditure’ (ibid., 15). It was discovered that £1,000 of the funds contributed by the two Liberal candidates had been withdrawn from the bank in silver to be dispensed on polling day by the ‘money captain’ of each ward, their ‘captains of books’ and canvassers, for the purposes of bribery and treating (ibid., 11; Seymour 1915, 393). It was estimated that at least 4,000 individuals received payments of between 6d to 30s and that treating was ‘profuse’. The Commissioners were struck not only by the exceptional extent of bribery but also its conduct in an ‘open’ and ‘fearless’ manner (Report 1881, 14). The absence of concealment meant that ‘no difficulty could be experienced in fixing the candidate with liability for the acts of his many hundred agents’ (ibid., 14). It was also observed that the election agents for the Liberal candidates had been appointed as the agents for election expenses. Their published accounts of expenditure incurred on behalf of the Liberal candidates were described as ‘fictitious’ (ibid., 16).

The Commissioners concluded that it was doubtful that a ‘pure’ election had ever been fought in Macclesfield and that corruption had prevailed at each contest in which Chadwick had stood, especially that in 1880. Chadwick, along with the senior Liberal member was found guilty of bribery. The law prescribed that the punishment for an MP was the voiding of his election and prohibition from sitting in the House of Commons for seven years after the date of being declared guilty (Buxton 1880, 836-837). Furthermore, Chadwick was also ‘scheduled’, rendering him unable to vote at any election over the succeeding seven years (Report 1881, 38). In all, no fewer than 2,872 voters, or 53.5% of those who cast their ballots in Macclesfield in the 1880 election were scheduled for bribery and treating.² This represented ‘the largest number ever reported for corrupt practices’ and rendered events in Macclesfield one of the most notorious cases of electoral bribery during the nineteenth century (O’Leary 1962, 142; Davies 1961, 298; Seymour 1915, 437-438; Hoppen 1996). As a result Macclesfield was disenfranchised until the next election.

David Chadwick’s own accounts

The Royal Commissioners compiled their report having examined 3,306 witnesses on 54 days between 2 October 1880 and 26 February 1881. Testimony comprised 1,563 pages of published minutes. Chadwick appeared before the Commissioners on three separate occasions (23 October and 29 November 1880 and 26 February 1881). Each time he was recalled the Commissioners sought more detail about his payments to election agents and others. It is evident that his testimony never fully satisfied the commissioners. Acknowledged as highly experienced in the art of giving evidence

(*Macclesfield Election Commission* 1881, 272) Chadwick repeatedly emphasised his poor recollection of past events, the absence of surviving documentation relating to transactions, and his assumption that his agents were responsible for campaign finances. On occasion the Commissioners' frustration at his evasive answers boiled over (*ibid.*, 265). Given his vocation, Chadwick displayed a surprising lack of attention to campaign accounting and finance. He stated that he only ever saw accounts of election expenses when they were published in the newspapers, and having read them he never investigated the enormous differences between the amounts disclosed and the total of payments he personally made to his agents (*ibid.*, 1553). He ventured that it was his agents' responsibility to ensure compliance with the law (*ibid.*, 1557).

As a precursor to taking evidence the Commissioners had emphasised the importance of witnesses submitting books and papers in order that all relevant transactions might be rendered transparent (*Macclesfield Election Commission* 1881, 1-2). These were elemental to the Commissioner's attempts to track illegal expenditure at each general election since 1865. In this pursuit they found Chadwick a frustrating witness, particularly when he first gave evidence on 23 October 1880. When questioned about expenditure during the 1865 campaign Chadwick argued that he was a very busy man and placed all such matters in the hands of his election agents. Further, he was unable to locate any accounts of his election expenditure and referred only to those prepared and published by his agents. Moreover, despite the Commissioner's specific request, he had not brought a full set of bank books with him. He contended that having three offices and five accounts with four different banks, it was difficult for him to trace transactions as far back as 1865. While he had brought pass books relevant to the 1880 election he had none relating to other campaigns – he was 'not prepared', having recently been ill.

When he re-appeared before the Commissioners on 29 November 1880 Chadwick reported that he had searched his correspondence and pass books and was now able to trace some payments relating to the 1865 campaign but also conceded that he had 'not got the accounts' (*Macclesfield Election Commission* 1881, 310). At various junctures he confirmed that he did not inquire into the reasons why his actual payments relating to the campaign significantly exceeded his published expenses. Moreover, he had not requested details of expenditure from his agent, had not received accounts, and suggested that his agents kept from him how the money was spent. Chadwick contended that he simply provided the funds his agent requested and that he likely destroyed relevant accounts along with 'tons of other papers' when he moved house (*ibid.*, 311). He also now conceded that he strongly suspected that expenditure at the 1865 election had been illegal or grossly extravagant. At his third appearance before the Commissioners in February 1881 he provided more details of his payments to agents for election expenses in 1865 and challenged the evidence of a previous witness that he had provided £600 for the refreshment of electors at the Bull's Head Hotel, and that his brother had been lubricating voters with champagne (*ibid.*, 489, 1550; Seymour 1915, 400-401). The Commissioners probed Chadwick on what he thought the £1,537 spent at the 1865 election (much in excess of published expenses) could possibly have been used for in a constituency with less than 1,000 voters. He responded that he could not say how it was spent but believed that it was not used for treating or bribery (*ibid.*, 1561).

In relation to the 1868 election Chadwick stated on first appearing before the Commissioners that he could not pledge that the amount he had paid to his agents represented his total expenditure on the campaign. In response to the suggestion that

his account of spending was unsatisfactory he again related that he had moved house and offices and in doing so destroyed hundreds of documents and papers (*Macclesfield Election Commission* 1881, 263). Following his second appearance, the Commissioners concluded that almost half the money relating to his 1868 campaign was ‘unaccounted for’. He could not recall whether he had made payments in cash rather than cheque. In answer to questions about whether he made any payments knowing they were illegal he conceded that if his agent had made a payment on his behalf, even if illegal, he would be honour bound to pay it. The Commissioner concluded that his answer sounded very much like ‘Yes’. Chadwick responded that ‘it is no doubt quite “Yes”’ (ibid., 315). Having thus established his awareness of illegal expenditure in 1868 and willingness to fund it, the Commissioners were surprised when Chadwick stated that he had taken no steps to guard against its reoccurrence at the next general election in 1874 (ibid., 316).

Much to the surprise of the Commissioners, Chadwick initially stated that he had considered the 1874 contest to have ‘been a really pure and honest election’ (*Macclesfield Election Commission* 1881, 263). When asked what purpose he thought £600 paid in excess of £306 of published expenses was used for, he claimed that he did not know – its distribution was a matter for his agents. He reported that agents had not supplied him with accounts relating to this sum and if he had received such an account he would not have scrutinised it closely. His explanations for payments to agents often appeared contradictory and ill-informed. By the end of questioning on 23 October 1880, though he continued to maintain that he had no knowledge of illegal expenditure at the 1874 election, Chadwick disclosed that he might delay payments to his agents for monies he suspected might not be expended honestly. But, professing disgust, he paid them nonetheless, on the advice of his friends and political advisors. Following such revelations Chadwick was forced to concede that the 1874 election had not been ‘pure’ after all (ibid., 266).

When he reappeared to give evidence in November 1880, having checked his personal financial records, Chadwick was still unable to account for all his payments at the 1874 election. He now suggested that certain payments might have been paid through his firm’s account in Manchester rather than his personal account (*Macclesfield Election Commission* 1881, 317). At his last appearance in February 1881 Chadwick conceded that there remained major payments that he could not trace and had no recollection of how they were dispensed by their recipient (ibid., 1551-1553). He could not say whether he had made missing payments in cash. He was not prepared to explain why he made payments to individuals other than his official election agent. The Commissioners revealed Chadwick’s record keeping as less than adequate. At one point Chadwick reported rummaging around a tin box in an unsuccessful attempt to locate relevant documents (ibid., 1556).

In relation to his expenses at the 1880 election Chadwick asserted that he had been shocked at newspaper reports of bribery at municipal elections in Macclesfield in 1879. In consequence he had determined in November of that year not to subscribe more than £500 for his campaign at the next general election. This amount he considered would be sufficient to cover legal expenditure. He was determined that no money would be spent illegally, informing the Commissioners that he had been involved as a treasurer in elections in Lancashire for over 30 years and ‘Not one shilling of bribery or corruption of any kind passed through my hands or came to my knowledge’ (*Macclesfield Election Commission* 1881, 270). However, when Parliament was dissolved in March 1880 he was advised that more funds would be necessary to counter the Conservative threat. He therefore guaranteed a further £500.

Following his earlier reasoning, this appeared to imply a willingness to bankroll illegal expenditure. When asked for an explanation Chadwick stated that his fellow Liberal candidate had contributed an additional sum and he had felt obliged to match it.

Chadwick also claimed that he had no idea how this additional £500 would be used but if he had known that it was intended for bribing voters he would have resigned as a candidate. He later conceded that although he ‘suspected’ that dubious practices might be employed he did not pursue the matter. Again, he claimed that his agents and other recipients of his financial contributions had not supplied him with accounts showing how the extra £500 had been spent, neither had he sought them. He professed to not seeing any money or liquor being dispensed to voters during the campaign and no knowledge of using funds to pay hundreds of canvassers who were also voters (Seymour 1915, 396-397). Even though everyone else involved in the campaign appeared to be aware of such practices, he, the candidate, was not. In contrast to his reputation for vigilance and thorough investigation as a company promoter Chadwick admitted to being decidedly uncurious about the dispensing of the money he had supplied for his electoral campaign.

When Chadwick appeared before the Commissioners in November 1880 inconsistencies surfaced with the evidence he had previously given, especially in relation to the circumstances in which he had agreed to commit a further £500 to the 1880 campaign. He now conceded that in light of evidence given at the petition trial he had a strong suspicion that some of the money was used illegally, protesting that ‘I believed my agent would protect me from all illegal expenditure’ and that he had been kept in the dark during the election (*Macclesfield Election Commission* 1881, 322). At one point the Commissioner suggested that Chadwick appeared to be willing to ‘violate all the laws of responsibility’ (*ibid.*, 322).

The response of the accountancy profession

When the Royal Commissioners found the unseated Liberal MPs for Macclesfield guilty of bribery and ‘scheduled’ them, the *Manchester Courier and Lancashire General Advertiser* declared the outcome ‘about as serious a step as could well be taken’ (28.3.1881). It was considered unlikely that Chadwick could ever present himself as a candidate again. The manner in which the Liberal electoral triumphs had been achieved in Macclesfield was described as ‘shameless’. *The Times* (28.3.1881) stated that the Commissioner’s report revealed deep-rooted and undisguised corruption.

Chadwick’s personal humiliation was compounded by his association with a wave of adverse publicity following revelations of bribery in other constituencies. He was one of 18 MPs who were unseated following the 1880 election. 25 election petitions were tried on grounds of corrupt or illegal practices and 15 of these were successful. Eight Royal Commissions followed (Rix 2008; Lloyd 1968, 109-133). There had been none after the previous general election in 1874. What the Commissioners uncovered was perceived by the press as scandalous and a source of national shame (O’Leary 1962, 159). A contemporary observer noted that ‘When these discreditable disclosures were printed in the papers a cry of horror went up from their readers. Rarely, indeed, has the demand for a thorough reform of an abuse been more generally expressed by the leading organs of political opinion’ (Courtney 1881, 484).

A particularly shocking revelation was the involvement of men of high standing in electoral corruption – individuals, who in their everyday pursuits, professed to be trustworthy and honest (Buxton 1880, 843):

A most unsatisfactory aspect of the matter was that in many localities bribery and treating were resorted to by men in responsible positions, who seemed blind to any moral evil in the corrupt practices they had almost openly resorted to. From the reports it was found that justices of the peace, members of the local governing bodies, and professional men were conspicuous offenders. (James 1893)

Despite such disapprobation, the revelations about David Chadwick, one of the leading accountancy practitioners of the age, appear to have been received with unconcern by the professional organisations of which he was a member. There are no references to his conduct in the surviving archives of the ICAEW or the Manchester Institute of Accountants.

Indeed, although he had committed an offence that was widely reported, his standing in the profession appears not to have been seriously damaged. A few weeks after his re-election as an MP in April 1880 David Chadwick was named as a member of the first Council of the ICAEW in its charter of incorporation, signed on 11 May 1880 (Walker 2004b, 317). Chadwick attended the inaugural Council meeting on 26 May and was appointed to a committee to formulate the bye-laws of the new organisation (MS28411/1, 1-2). In June 1880 he was unseated as an MP, and no doubt pre-occupied with more pressing matters, did not attend Council meetings again until late autumn when it was reported that the Bye-laws Committee had completed its work (*ibid.*, 48, 53). Chadwick was absent from Council meetings during the winter and early spring 1881 when the Royal Commission was sitting. However, after being declared guilty of bribery in its report on 22 March his attendance resumed.

Indeed, Chadwick was a comparatively active member of the Institute's Council in the months following the declaration of his guilt. At a meeting on 18 May 1881 he proposed a resolution that members of the Institute should adopt credentials to distinguish them from chartered accountants in Scotland. By April 1882 his reputation was so undiminished that he was appointed as a member of the Institute's General Purposes, Bankruptcy, and Accountant Benevolent Association Committees (MS28411/1, 141-145). In May 1882 his influence was such that he was one of a small group of council members despatched to William Turquand to persuade the president not to stand down (*ibid.*, 155). The ICAEW Council minutes suggest that he was active at meetings and was present in 1882-1883 when fellow Council members, such as John Unwin Wing and James Waddell were expelled, for committing shameful acts (Chandler, Edwards and Anderson 2008). In 1885 the General Purposes Committee recommended his membership of a Joint Stock Companies Committee (MS28426/1, 130). At the completion of each of his terms on the Council Chadwick was nominated for re-election (MS28411/1-3). He was duly elected by the wider membership at annual general meetings in 1884, 1889 and 1894 (MS28410/1, 29, 104, 160). At the first of these it is recorded that 122 hands were raised in his favour.

The other professional organisation with which Chadwick was closely associated at the time of his unseating was the Manchester Institute of Accountants. We might envisage that his conduct would incite disquiet in the organisation where he had been the principal promoter, inaugural President and a council member. Yet, there is no suggestion in the minute books of the Institute that Chadwick's conduct was deemed problematic. One week after the Macclesfield election on 1 April 1880 he was re-

elected to the Institute's council (Minutes 1870-1882, 314). His only correspondence with the Institute following his unseating occurred in July 1880 when he sought the return of 50 guineas he had gifted in 1871 for a competition prize that had not been awarded (*ibid.*, 325). In April 1881 the Manchester Institute voted to wind-up and re-constitute as the Manchester Society of Chartered Accountants - a district society of the ICAEW. The lack of disquiet among Chadwick's professional brethren at his being found guilty of bribery at the end of March may be gauged by their electing him as a member of the first council of the new Society (*Accountant* 30.4.1881). This, despite the fact that his record of attending meetings had been, and would continue to be, miserable (*Accountant* 6.5.1882).

The apparent indifference of the ICAEW to one of its leading members being found guilty of bribery at a key juncture in its institutionalisation is surprising. Professional conduct and morality were high on the agenda of the new organisation. The formation of the Institute as a national organisation with an elevated, state-conferred status was intended as a solution to the problem of differentiating the erudite professional from the disreputable 'sham' accountant. Admission regulations were formulated to exclude the latter. Questions arose as to whether the charter of incorporation conferred sufficient power to refuse entry to those of 'notoriously bad character' (MS28434, 222). Section 20 of the charter provided powers to expel or suspend those members who failed to adhere to high expectations of conduct through becoming bankrupt, pursuing an occupation inconsistent with public accountancy, being convicted of a felony or misdemeanour, or being deemed guilty of an act discreditable to a public accountant (Walker 2004b, 324-325; Chandler, Edwards and Anderson 2008). Chandler, Edwards and Anderson's (2008) analysis indicates that 15.4% of the founding members of the Institute were eventually expelled.

Given the importance of ensuring that the new organisation was differentiated as 'pure', the early Institute was much occupied with issues relating to the conduct of members (*The History of the Institute* 1966, 26-28; MS28410/1, 15). At the end of 1880 the Council established committees to investigate specific complaints, primarily relating to the behaviour of members acting as bankruptcy trustees (MS28426, 12-15). From January 1881 an Investigation Committee proactively pursued the cases of those suspected of misdemeanours. In the years 1881 to 1884 for instance, it investigated the activities of 50 members or their firms (MS28418/1). Investigations were provoked by complaints received from members of the Institute, other individuals, or revelations in the press. The latter comprised reportage in national outlets such as *The Times*, the local press (especially of legal cases), and professional media such as *The Law Times*. The committee's surveillance could extend to revelations about members in obscure trade journals such as the *Brewer's Journal* and the *Cowkeeper and Dairyman's Journal*. Press coverage in such cases was minor compared to the widely reported revelations of bribery at the Macclesfield election in 1880.

The other institute of which Chadwick was a member also considered cases of misconduct in 1880. Shortly after his election was declared void in June 1880 the Manchester Institute invoked its rule 53 in relation to a miscreant member. On 13 August 1880 George Nesbitt was excluded from membership following his conviction 'in respect of transactions as auditor of an Insurance Company' (Minutes 1870-1882, 328; *Accountant* 21.8.1880). *The Accountant* applauded the manner in which the institute had dealt 'with members who may be declared guilty of offences against the laws of their country', further observing that when such disclosures surface 'there is but one course open, having regard to the maintenance of professional status; and in passing a formal resolution of exclusion from membership, the Manchester Institute

have adopted that course' (*Accountant* 21.8.1880). No such action was pursued in relation to David Chadwick who was also to be found guilty of offences against the laws of his country.

The professional press in 1880-1881 was also exercised by the desirability of keeping the ICAEW 'free from men who lack both ability and character', protecting the public from the incompetent, the need to admit only men of moral character, and the role of the Institute as a disciplinary authority (*Accountant* 23.10.1880; 30.10.1880; 18.9.1880; 5.2.1881; 16.7.1881). In June 1880 *The Accountant* reflected on the difficulties the new Institute was encountering in establishing boundary lines between legitimate and illegitimate practices. It asserted that the prevention of malpractice was to be sourced not in regulations but in the higher obedience of professional accountants to 'the moral influence which members of a chartered body will gradually exercise amongst themselves': 'propriety and honour' and 'individual and personal influences' were as effective as codes of etiquette (*Accountant* 5.6.1880).

Given its contemporary focus on matters of conduct at a formative juncture in its organisational history, why were the institutions of the accountancy profession so seemingly uninterested in Chadwick's highly publicised misdemeanour? Possible explanations are offered in the next section.

Explaining the profession's apparent disinterest

The misdemeanour preceded the signing of the charter

First, there is a potential technical explanation. In 1881-1882 the Institute sought advice from its lawyers on the operation of Rule 20 of the charter. In February 1881, that is shortly before Chadwick was declared guilty of bribery, it asked whether it had the power to exclude a member for a discreditable act committed before the date of the charter. The solicitor thought not (MS28459/1, 10). The charter was signed on 11 May 1880, and Chadwick was found guilty of bribery at an election that had taken place on 1 April 1880.

However, even if this ruling precluded the ICAEW from applying Section 20, it would not have prevented his case from being investigated or a complaint being raised. Furthermore, Chadwick's membership of the Manchester Institute of Accountants was continuous through the relevant period. Its rules could have been invoked in his case. Rule 53 of the Manchester Institute identified circumstances in which membership could be forfeited. These included non-payment of subscriptions and the pursuit of an occupation deemed incompatible with membership. It also provided that expulsion could occur if, following investigation by the Council, the members deemed an individual 'guilty of dishonourable, improper, or unprofessional conduct' (*Rules and Regulations* 1871, 14). There is no evidence in the surviving archives that the Council investigated the case of David Chadwick.

Bribery was not discreditable to a public accountant

Another possibility is that being unseated as an MP and found guilty of bribery was beyond the scope of Section 20 which, as noted above, referred to an 'act or default discreditable to a Public Accountant' (Walker 2004b, 324).³ Indeed, the majority of the early cases of discreditable conduct pursued by the Investigation Committee of the ICAEW related to professional practice (MS28418/1-2). Members were investigated,

and legal opinion was often sought, following revelations of members' removal from office as bankruptcy trustees, usually in circumstances involving the misappropriation of estate funds, canvassing creditors or failure to submit accounts. Cases also related to liquidators who failed to report or retained funds, and members embezzling or appropriating client funds or using them as security for their firms (MS28460). It is perhaps surprising that the disclosures before the Royal Commission of Chadwick's less than vigilant accounting practices did not excite the attention of his professional organisations.

The lack of interest in Chadwick's case is also surprising given that some practice-related complaints investigated by the ICAEW appear relatively inconsequential compared to high profile allegations of bribery. For example, the Institute investigated claims that one member had made scandalous statements about another member. In another instance a complaint was made about a member conducting a business outside England. A further instance related to an arrangement whereby a principal was to have no responsibility for the teaching of an articled clerk. In later years complaints were also investigated and penalties often imposed in cases where misdemeanours seemed removed from practice. These include a member who was convicted of travelling on a railway without purchasing a ticket; a member who had associated himself with a system for betting on horse races; and a member who changed the name of his firm to include 'Emmanuel', on the basis that he had assumed Jesus Christ as his senior partner (MS28460).

We might also ask why a complaint about Chadwick was not made to the Manchester Institute of Accountants. Its disciplinary rule was broader in scope. It included reference to conduct that was deemed dishonourable or improper, not merely unprofessional (*Rules and Regulations* 1871, 14). With the benefit of hindsight it is also somewhat ironic that during the 1880s the ICAEW was deeply concerned about instances of its members touting for business by issuing advertising circulars. This practice appears relatively tame compared to proven guilt in bribing and treating voters.

Chadwick was too important to be investigated and expelled

The elevated status of an offender is one reason why an organisation may desist from responding when a member commits a discreditable act. According to Adut (2008, 39) evidence suggests 'that norms are underenforced when the offenders are high-status people who can get away with deviance either because they can evade monitoring or by the virtue of their clout over the enforcers'. Given his stature in the profession, as well as his reputation for litigiousness, it is possible that Chadwick was perceived as too important to investigate or expel. The available evidence, however, suggests that the ICAEW did not engage in deliberate under-enforcement due to Chadwick's status. The absence of any mention of his transgression in surviving documents suggests that his misdemeanour was never perceived as one that demanded a response, despite its high visibility.

Other evidence suggests that it was unlikely that the leading members of the early ICAEW perceived Chadwick as too important to investigate and reprimand. The Institute was not averse to pursuing the exclusion of its elite members, particularly when there was an external stimulus in the form of a publicised criminal conviction or a member taking flight in suspicious circumstances. Chandler, Edwards and Anderson (2008) relate the cases of five founder members of the Council of the new organisation who were expelled for fraud and financial difficulties. Like Chadwick,

two of these had held the highest office in one of the predecessor bodies that merged to form the ICAEW in 1880. John Unwin Wing was the last President of the Society of Accountants in England, and John Bath had been elected President of the Institute of Accountants in London in 1877 and 1878.

Chadwick's agents as the guilty parties

It is quite possible that despite Chadwick being found guilty of bribery it was perceived by the profession that the principal miscreants were his election agents. Indeed, an obituary in the *Journal of the Iron and Steel Institute* (1896, 350) referred to his unseating as a result of 'the illegal practices of an agent'.

Chadwick's agent was in fact prosecuted. In light of the revelations of widespread corruption at the 1880 general election and the adverse reaction to it *The Times* (28.3.1881), among others, considered it high time that an example be made of some of its perpetrators. The Attorney-General heeded the call and prosecutions were brought against a number of agents, including those of the Liberal and Conservative candidates in Macclesfield (*Times* 30.7.1881). The Royal Commissioners had noted in their report that the election agents in Macclesfield were not only guilty of bribery, they had also, as the agents for election expenses, submitted fictitious accounts (Report 1881, 17).

In July 1881 William Mair, Chadwick's agent, was tried at Chester Assizes for bribery and issuing a false statement of election expenses. It was revealed at the trial that over £2,000 had been spent on the campaign but only £710 was accounted for. In Mair's defence it was stated that neither he nor the candidate were guilty of corrupt practices. Rather, the guilty party was Alderman William Smale, Honorary Secretary of the local Liberal Association, who managed and dispensed money for bribing the voters (*Manchester Times* 30.7.1881). The jury disagreed and Mair was sentenced to nine months imprisonment. In passing sentence Mr Justice Denman expressed his view that the revelations of bribery in Macclesfield had been sickening and disgraceful. Like many agents before the role was professionalised, Mair was a local solicitor who engaged in electoral work in addition to pursuing his legal practice (Rix 2016, 1, 16-18). At the time of his conviction Mair was Registrar of the Macclesfield County Court (*Manchester Courier and Lancashire General Advertiser* 29.11.1881). During sentencing the judge considered it especially damning that a man trained in the law had acted so dishonourably by flouting the law (*The Standard* 30.11.1881).

Although attention may have fallen on the conviction of his election agent, this did not diminish the gravity of Chadwick's own offence. Analyses of electoral law suggest that 'sympathy for a candidate who claimed he had trusted his agent gave way fairly early in the nineteenth century to a rule that an agent's actions were strictly attributable to the candidate' (Orr 2006). Protestations by a candidate that they never intended to act illegally even though corrupt practices had taken place was not a compelling defence (Seymour 1915, 411). When the election petition was heard in Macclesfield in June 1880 counsel for the petitioners reminded the judges that although the Liberal MPs might assume that, because they had not engaged personally in acts of bribery but acted through their agents, this did not absolve them of responsibility. Chadwick and Brocklehurst had aligned themselves to a local party organisation that acted on their behalf and in their interests. They were therefore as culpable as their agents, and indeed had been unseated (*Manchester Courier and Lancashire General Advertiser* 22.6.1880).

Bribery was not perceived as morally wrong

One possible explanation for the apparent disinterest of the accountancy profession to David Chadwick's misdemeanour remains – that being found guilty of bribery was not perceived as morally wrong. In relation to the notion that the profession responds to offence visibility, it is possible that during the 1880s it was perceived that in Chadwick's case there was high visibility but no offence. Students of criminalisation suggest that conduct is only punished when it is deemed wrongful, and wrongfulness is usually associated with causing harm (Simester and von Hirsch 2011; Duff et al. 2011). Bribery was a criminal offence and those found guilty of it received official censure. However, if, beyond the juridico-political, the offence was not considered to be morally wrong and harmless, then social condemnation and professional disapprobation might not have followed. This appears to have been the case with Chadwick.

Bribery was an activity where ethical boundaries were imprecisely drawn in Victorian Britain. Students of commercial morality, for example, observed that although it was a dishonest act, bribery was extremely common during the late nineteenth century (Carter 1893; Carter and Holland 1905). In 1898 the London Chamber of Commerce reported a 'mass of corruption' in 'almost all trades and professions', especially in the form of 'secret commissions' (quoted in Carter and Holland 1905). In some occupations bribery was widely tolerated as a harmless custom of the trade. In the world of company promotion, for example, bribing the press was reputedly commonplace. Even respectable businessmen bribed journalists in order to suppress negative reporting and encourage positive editorials for consumption by the investing public (Robb 1992, 117-118). Company promoters with political ambitions, such as the notorious Albert Grant, might extend such practices to parliamentary elections and find themselves unseated for bribing the voters (ibid., 99-101; Taylor 2005). Chadwick was another example of such a company promoter, albeit with a better reputation than Grant.

If bribery and corruption were 'the regular practice of some businesses until the First World War' they were even more prevalent at elections (Moore 2017, 278). Bribing voters 'was a remnant of feudal traditions and social obligation and reciprocity' (Kam 2017). It had been customary in the sixteenth century for candidates to 'treat' supporters to refreshments. Indeed, 'treating' was one of the ritualistic elements of electioneering and came to embrace persuasive practices such as the provision of drinks in public houses as well as election breakfasts, dinners and banquets (O'Gorman 1992). Such attempts at persuasion could also descend into, or be supplemented by, direct and indirect bribery. Voters might receive sums of money, 'charity' or tickets exchangeable for goods. They might also be employed and remunerated as canvassers, and/or be financially compensated for travel or lost time on election day, as was the case in Macclesfield (Hanham 1959, 262-266; Hawkins 2015, 161, 165; Orr 2006).

Although bribery was technically considered to be corrupt and illegal from the end of the seventeenth century, it was an established part of electoral culture against which the law was largely ineffective (Orr 2006). Indeed, the landmark Reform Acts of 1832 and 1867, by extending the franchise, merely increased the number of voters that needed to be bribed (Hoppen 1996). Bribery at elections was so commonplace that willingness and financial capacity to pursue it was 'in the last instance the determining factor in the choice of a candidate' (Seymour 1915, 390). In consequence, of 'the ten general elections held in the years 1832-68, a total of 346

petitions were presented to parliament alleging bribery, and this undoubtedly understated the extent of the problem' (Evans 2000, 65). Chadwick's first contest, the general election of 1865, was one of the most corrupt. His last in 1880 was the most expensive and was attended by widespread concern about the extent to which the support of voters was being bought (ibid., 65-67).

Legislative attempts to address bribery at the time of Chadwick's parliamentary career had limited effect. Indeed, progress towards the elimination of electoral corruption was slow and 'by no means completed by the end of the century' (Hanham 1959, 262). The passing of the Parliamentary Elections Act 1868 was an important milestone (Orr 2006) but advance was interrupted by the general election of 1880 which saw 'a new zest' for corrupt practice (Hanham 1959, 266). A contemporary commentator in 1880 observed that the recent increase in election petitions showed that bribery remained common and the petitions were merely the tip of the iceberg (Buxton 1880). Some considered that corruption was likely to have occurred in almost all constituencies (Rix 2008). Among the worst cases in 1880 was Macclesfield where the contest 'took the form of a struggle between the money bags of the two parties' (Hanham 1959, 269).

One of the most significant obstacles to the elimination of electoral corruption from the mid-nineteenth century was the popular perception that bribery was acceptable: 'There is a wealth of testimony to the fact that electoral corruption was not generally looked upon as an immoral act, and all through the country there was an utter lack of moral sense connected with its practice' (Seymour 1915, 406-407). Even in the House of Commons, 'there was no lack of instances where members convicted of bribery came into the House on a later occasion without a social stain' (Seymour 1915, 407; Hanham 1959, 278). So far as the recipients of bribes and treats were concerned no harm was done. It was also in this context that regulations relating to keeping, publishing and auditing the accounts of electoral expenses proved ineffectual (Seymour 1915, 409-411). So integral was corruption to elections that one commentator in 1868 contended that 'Bribery in England is not merely a science or an art, it is a profession and a trade' (*Saturday Review* 22.2.1868, quoted in Seymour 1915, 413).

Historians thus conclude that Victorian elections took place within a distinctive moral framework in which bribery was deemed acceptable (O'Gorman 1992). Hoppen (1996) considers that electoral bribery was 'founded on the almost unthinking assumption that electoral behaviour inhabited some hermetically sealed moral category of its own'. According to Rix (2008) 'the honest elector condoned corruption because 'at elections all the ordinary rules of life are suspended'. In this context bribery and corruption did not attract widespread condemnation or disapprobation: 'Neither a politician guilty of corrupt practices nor a voter who took bribes was ostracized for what were regarded as minor peccadilloes' (Pugh 2002, 12).

These observations applied at the time of the 1880 general election. One commentator reflected after the election that 'At present the number of bribers or bribes who suffer for their offences is infinitesimal', and those 'scheduled' are not prosecuted (Buxton 1880, 828). In its commentaries on the first batch of prosecutions for bribery following the 1880 election, *The Times* (30.8.1881) observed that although political morality in England was improving, 'Bribery, in popular contemplation, is one of the noble vices, along with prodigality and duelling'. There were too many electors happy to be its beneficiaries and insufficient convictions to suggest that it was perceived as a crime. Another contemporary (Courtney 1881) noted that the evidence

given by numerous witnesses before election commissions revealed that they ‘seemed unconcerned at the immoral conduct which they confessed’.

This lack of concern was common among all social classes, including professional men: ‘Virtue with rich and poor alike easily succumbs at elections to temptation, which would be repelled with scorn on any other occasion. Under the spell of political passion, the solicitor seems to abandon the path of prudence, and the clergyman turns his back on the principles which he professes in the pulpit’ (Courtney 1881, 482). Historians have affirmed that members of all professions and trades could become engaged in electoral bribery (Hanham 1959, 276; Rix 2008). Also in this context the conventional rules of accounting were relaxed. The practice of ‘cooking’ accounts of election expenses was a barometer of corruption. The official total of expenses incurred by candidates at the general election of 1880 was £1.7m but estimates of actual expenditure ranged from £2m to £3m (Young 1968, 128).

The trial of William Mair, Chadwick’s election agent, provides additional insights to popular perceptions of the immorality, or otherwise, of electoral corruption. Although he was found guilty of bribery and false accounting, the jury called for ‘merciful consideration’. While the custodial sentences received by Mair and other agents were considered to be a ‘deadly blow at electoral corruption’, they were also seen as unduly severe (*Pall Mall Gazette* 30.11.1881). There was an outpouring of public sympathy. These were men of influence who had engaged in electoral corruption with no intent of personal gain:

It had been the custom of these corrupt constituencies; and men of respectable position, honest and upright in all their private dealings, engaged in it without any sufficient sense of the degradation it involved. They knew that bribery was punishable, but nobody was ever punished... hitherto the law had been practically in abeyance. They only did therefore what hundreds of others were doing at the same time in other parts of the kingdom. (quoted in *Reynold’s Newspaper*, 4.12.1881)

The attitude of the legal profession to some of its members being found guilty of bribery and imprisoned is also indicative of the existence of a distinctive moral code in this domain. Although the Law Society was placed under pressure by the Attorney-General to strike from the Roll those solicitor-election agents convicted and imprisoned, a well-attended gathering of solicitors in London in 1881 called for the Home Secretary to remit the cruel sentences meted out to their brethren. It was argued that the convicted solicitors had been of otherwise impeccable character. There had been ‘an outburst of strong professional feeling throughout the whole country’ and a memorial had been sent to all members of the profession in the UK in support of their cause (*Morning Post* 20.12.1881).

Neither was sympathy confined to the solicitor profession. In Macclesfield ‘there was great local discontent that ‘two highly respected and intelligent solicitors’ should be imprisoned merely for bribery’ (Hanham 1959, 276). A general memorial addressed to the Home Secretary, dated 22 December 1881, seeking the release of Chadwick’s agent and others recently convicted of corrupt practices at the 1880 general election, was signed by 43,841 persons, including 3,597 solicitors, 1,113 clergymen and 313 bankers (*Times* 24.12.1881; Hoppen 1996; Rix 2008). Despite such protestations the sentences stood – the revelations of corruption had inspired a new determination to punish offenders. It is indicative of the drawing of contemporary moral boundaries that following his release from prison, William Mair,

Chadwick's agent, resumed in practice as a solicitor in Macclesfield. By 1890 he had been appointed Clerk to the Justices for Prestbury (*Manchester Times* 21.11.1890).

In his analysis of scandals, Adut (2008, 28) contends that, when individual professionals are involved in malpractice, the instinctive reflex is to keep the matter private. However, 'should the issue become dangerously public and it looks like outside authorities and audiences have a robust consensus on the guilt of the accused member, then the professional group will resort to draconian measures to signal rectitude' (ibid.). In Chadwick's case, although there was such a consensus among legal authorities, there was no robust consensus among the wider audience. The accountancy bodies of which he was a member were therefore under no pressure to resort to draconian measures.

Conclusions

The response of accountancy organisations to Chadwick's misdemeanours chimes with the observation, drawn from the analysis of political scandals in more modern settings, that 'In circumstances where corruption is persuasive, is widely known to exist and is accepted as a quasi-legitimate way of conducting public affairs, the disclosure of a case of corruption may give rise to little more than a sigh of resigned indifference' (Thompson 2008, 30). The most likely explanation for the disinclination of professional accountants and their representatives to address the high profile misdeeds of a leading practitioner was the contemporary perception that bribery, particularly at elections, was an area of moral ambiguity.

This paper has attempted to highlight the other side of the moral boundary in professional accountancy. It has presented further evidence that such boundaries are malleable. They shift over time and are specific to socio-cultural and legal contexts. The case explored here has illustrated that as in previous centuries 'social, economic and cultural norms blurred the boundaries between licit and illicit behavior... so that it was possible to defend or even legitimize practices that were being attacked as corrupt' (Knights 2017). During the late nineteenth century, as in other periods, there existed grey zones of morality, where regulatory prescriptions outlawing certain practices might not be invoked when they conflicted with local custom and tradition.

The study also suggests that while positioning on the right side of the moral boundary may be determined by the possession of elemental traits such as 'honesty, work ethic, personal integrity, and consideration for others', these attributes might not be conditional in all domains (Lamont 1992, 4). Such qualities were not always evident or necessary in the distinctive, 'hermetically sealed' field of electoral morality. Here, there appears to have been tolerance of conduct that was considered unacceptable in other arenas. The existence of these zones of contradiction serve to remind us that accountants operated in various capacities in diverse contexts where differing moral imperatives might pervade. The ethics of professional practice might not always be consistent with the moral boundaries of private life, or the pursuit of a career in politics.

In Chadwick's case there were marked inconsistencies in his assertions about the need for the emergent accountancy profession to purify itself and his own inclination to fight 'impure' elections (Walker 2004a, 147). His pronouncements on the need for professional accountants to demonstrate their erudition sat uneasily with revelations before the Royal Commission about his personal accounting practices. Such contradictions were the subject of critical comment by contemporaries. Universalists argued that Christian life implied adherence to a single set of prescriptions. The same

rules of conduct should apply in all areas of endeavour: 'The elementary principles of conduct - truth, honesty, justice, unselfishness - are meant to dominate all our actions in every trade and profession' (Carter and Holland 1905). Businessmen were reminded that 'The man who acts in commerce is the same man who manifests himself in all other departments of life' (ibid.).

Although his professional brethren seemed unmoved by them, Chadwick's misdemeanours in Macclesfield were among several episodes of corruption at the general election of 1880 that did not escape the attention of legislators. The response to revelations of bribery and the failure to properly account for electoral expenses by Chadwick and others was to reignite the case for reform. Events at Macclesfield and elsewhere represented 'a very considerable and salutary shock to public opinion' and generated a climate favourable to 'drastic' legislative intervention (Hanham 1959, 273). Consequently, the 1880 election was to be 'the last to be disgraced by widespread corrupt practices' (O'Leary 1962, 158). A bill was introduced in 1881 and passed as the Corrupt and Illegal Practices Prevention Act in 1883 (O'Leary 1962, 159-178). This statute set limits on electoral expenditure and ensured that a single agent was responsible for producing a return of all election expenditure (Pugh 2002, 12).

The 1883 Act resulted in 'a veritable reformation' of electoral proceedings, rendering them 'as pure as those of any country wherein representative institutions exist' (James 1893). For Seymour (1915, 455) the Act was a 'landmark in the development of democracy in England'. As well as its legal prescriptions the statute helped create a cultural shift conducive to 'significant improvements in electoral morality' (Rix 2016, 24; Evans 2000, 68; Hoppen 1996). Although it did not immediately eliminate corruption (Hanham 1959, 281), the 1883 Act ensured the removal of the last vestiges of 'old corruption' and formed the basis of electoral law for a century (Moore 2017). It also heralded the professionalisation of election agency (Rix 2016, 48-86). Although they did not excite his profession, David Chadwick's discrediting activities as a parliamentary candidate thus helped to inspire a reform agenda credited with modernising the British political system (ibid., 1; Pugh 2002).

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MS28418/1 Investigation Committee Book (A), 1881-1893

MS28418/2 Investigation Committee Book (B), 1893-1902

MS28426/1 Reports of Committees, 1880-1886

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Figure 1. David Chadwick (1821-1895) (by Richard Hooke, 1820-1908)



Source: Photo credit Salford Museum & Art Gallery.

Figure 2. ‘Plump for Chadwick’. Hustings at Macclesfield Town Hall, 1865



Source: Cheshire Image Bank, Cheshire Record Office, Reference Number: c07685. Reproduced with the permission of Cheshire Archives & Local Studies to whom copyright is reserved.

Notes

¹ Indeed, Chadwick activities as a promoter and his firm as an auditor of a coal and iron company features in the paper by Edwards (2019b) contained in this special issue.

² Some commentators suggested that the number of voters directly or indirectly bribed in Macclesfield was as high as two-thirds of the electorate (Courtney 1881, 483).

³ It should be noted that as the bye-laws of the Institute did not come into effect until March 1882, Section 20 of the Royal Charter was the operative authority during the period of Chadwick’s unseating and being found guilty of fraud (MS28410/1, 15; *The History of the Institute* 1966, 27).