

**Accounting for the Accountants: The Articulation of “Modern” Business Practices in
American Motion Picture Trade Papers to 1915.**

Wyatt D. Phillips

The division of labor we as historians and scholars of early cinema have observed in the last several years of the Dornier-specific period and that point toward a more systematic industrial reorganization in Hollywood and other film industries included more than separating writing from directing or set designers from lighting designers. It also includes the division of labor within the space of the business office itself; the originating site, if you will, of the motion picture industry’s managerial capitalism. As such, as the motion picture *trade* increasingly became a motion picture *industry*, these offices looked increasingly like that of other turn-of-the-century business offices.

This year’s theme - Crafts, Trades, and Techniques of Early Cinema - allows us (or at least me) to investigate further this connection between the business of culture located in early American cinema and the culture of business in America more broadly. These are connections, I’ll add in passing, that my larger project on the industrialization of genre in American cinema and in the turn-of-the-century’s media landscape takes up at some length. The increased presence of modern corporate accounting and the professionalized position of accountants within the film companies was one such point of connection between the burgeoning film trade and the ongoing turn-of-the-century transformation of American corporate culture, and the one I plan to explore today. To that end, I have assumed here a 3-prong approach to this history that lets me explore a few different avenues toward better understanding that history and examining those points of

connectivity. First, I will briefly trace the turn-of-the-century history of accounting to illustrate and emphasize just how closely coordinated the American film industry's employment of such specialized labor was with the rest of the business world. Following this, I will look to the motion picture trade press which became significant at the end of the first decade of the 20th century and seek out the discursive traces there of the increased prominence of credible, "modern" accounting practices for a credible, "investment-worthy" industry. Finally, from these trade papers I will identify a few early accountants and bookkeepers working for the American film companies prior to 1915 and reconstruct their professional histories (where possible) backward and forward to assess their career trajectories and perhaps, through that, the use-value of their specialized knowledge and training within the industry.

To begin I want to cite seven criteria articulated by John Carey in 1969 in relation specifically to the development of the profession of the Certified Public Accountant. Yet I would also suggest that while this comes from an older work in a different historical field, his brief list here may be one that could be more generally applicable to our consideration at this conference of developing crafts and trades that are particular to the art and business of motion pictures. What differentiates a *profession* from other pursuits, according to Carey, is: "(1) a body of specialized knowledge; (2) a formal educational process; (3) standards governing admission; (4) a code of ethics; (5) a recognized status indicated by a license or special designation; (6) a public interest in the work that the practitioners perform" [the demand to justify the new supply of specialized labor]; and (7) recognition of a social obligation.

HISTORY OF ACCOUNTING AND ACCOUNTANTS

Carey's seven criteria informed his original history of the public accountant and, to a degree, will inform my brief reiteration of that history here. Notably, the history of the development of an accounting profession corresponds uniquely with the movement of western cinema from trade toward industry, from – in the words of Gaudreault and Marion – first birth to second birth. We can see this simply in the periodization that those historians assign to the rise of the profession in the titles of their books and chapters:

Carey's book is titled: *The Rise of the Accounting Profession: from technician to professional-1896-1936* (1969); Stephen A. Zeff, a highly regarded historian of accounting, similarly identified but refined this critical period, devoting a book to *The US Accounting Profession in the 1890s and Early 1900s* (1988). Previts and Morino (1998) – add a more specific timeline when they divide the *History of Accountancy in the United States* (to 1995) into eight stages, the fifth of which is “The formation of an accounting profession – 1897-1918.”

NOTE: The section between the lines was not actually delivered in the presentation due to time limitations.

We see this also in a closer perusal of the accepted history of accounting and accountants. From Solsma and Flesher's lit-review-based summary of this history, we find that key players emerge in both fields in the last half of the 1890s, though several of those in accounting ultimately had greater longevity than the first generation of motion picture businesspersons that started in that same period. These include the predecessors of today's 'Big Four' accounting firms: Ernst and Young, Deloitte, KPMG, and PriceWaterhouseCoopers. Delving into the broader circumstances and conditions that led to the emergence of accountants in America's

business culture, those scholars pose that “the unregulated business environment, and the losses which arose in consequence, drove the need for reform and demands for a legitimate accounting profession in the USA” (296). Moreover, with the increased use of the corporate form of business, sound governance practices increasingly dictated the need for audits and the trained personnel to perform those audits. Like other transformational aspects of American business in the wake of the Second Industrial Revolution, “many American accountants were trained and employed in the railroad industry, thus contributing to the pool of talent needed to further the development of the accounting profession. The training and experience that, for example, Haskins and Sells gained in the railroad industry contributed to the success of their new accounting partnership” (297).¹

Solsma and Flesher go on to identify several events they see as illustrative of the desire on the part of this new profession of accountants to gain respect *as a profession*. In 1887, the American Association of Public Accountants (AAPA) was formed. In 1896, the first Certified Public Accountant (CPA) bill was written into law in the state of New York; this law nominated the CPA title and allowed for examinations prior to appointment (Carey’s fifth criteria).

Pennsylvania was close behind writing their own CPA bill into law in 1899. Professional associations followed in these two states (the New York State Society of CPAs and the Pennsylvania Institute of CPAs). Maryland, California, Illinois, Washington and NJ all had passed similar laws by 1904 (Brown 276). In 1900, educational opportunities for training new accountants became available at the New York School of Commerce, Accounts, and Finance.

¹ For more on the relationships between the Second Industrial Revolution, the railroad business, and techniques associated with managerial capitalism, see: Chandler, *The Visible Hand*; Edwards and Walker, *Routledge Companion to Accounting History*, 165-7.

Shortly after, in 1902, the Pennsylvania Institute of CPA sponsored an evening course, a venture that was continued by the University of Pennsylvania from 1904.²

More generally for American businesses and in relation to the creation of demand for accountants (Carey's sixth criteria), corporate mergers peaked in the late 1890s and large quantities of capital were necessary to fund this growth. Even as corporations were reluctant to disclose 'private' information to individual investors, they were increasingly willing to provide financial information in order to obtain bank financing. Yet the increasing size and complexity of this form of business resulted in management seeking assistance in the correct recording, summarizing, and reporting of transactions – skills for which the accountants were specifically trained. Johnson and Kaplan add to this that the “great merger wave” also led to the ascendance of vertically integrated companies including International Harvester, Du Pont, GE, US Steel, and American Tobacco. As we see less than twenty years later in the film industry, each firm “subsumed within itself several of the activities formerly conducted by individual companies. Manufacturing, purchasing, transportation, and distribution... became integrated in the multi-activity organization” (61). As such, each department continued to rely on accounting measures of performance previously developed by the single-activity firms and so to maximize the benefits of vertical integration, managers “devised budgets to coordinate and balance the internal resource flow from raw material to final customer [and...] developed a new measure, return on investment, to compare performance in the firm's diverse parts with performance of the whole” (64). This of course then required trained professionals to manage the coordination of these distinct but interconnected departmental and corporate budgets.

² For more on this professionalization of accountants, see: Brown, 273ff; Edwards and Walker, 259-61.

In 1898, a commission of the U.S. Congress, the Industrial Commission, began investigating the behavior of financial capitalists and the resulting impact on the economy, which they published in 1902. The findings of overt abuses and a lack of confidence in businesses led to a recommendation that large corporations publish annual audited reports subject to government regulation. The commission also noted the lack of qualified accountants to perform audits. The recommendation for audited reports and the acknowledgment of a shortage of qualified accountants heightened awareness of the value of accountants and the need to develop an accounting profession in the US.

As we do in our own histories of cinema, historians of accounting also have recognized the influence and effect of a subset of the broad cultural and social conditions that existed at or just after the turn of the century as critical to the development of that trade and profession, including (Previts and Morino, 175-234):

- the Efficiency Movement (Scientific Management),
- the Progressive Movement,
- US tax reform (in particular the 1909 corporate excise tax and the 1913 income tax)³,
- the rise of financial capitalism and increased demand for corporate oversight,
- the significant development of accounting and auditing theory (e.g. depreciation) as well as developing technical standards across the profession,

³ James Don Edwards notes that US Attorney General George Wickersham looking to raise money for the US government but in order to get around the limited ability to tax income, he suggested a franchise tax on corporation income, measure by cash receipts which, due to lack of prescribed procedures, “added to the functions of the public accountant” to a considerable degree (93). For more on income tax, see also Carey, 70-1.

- the evolution in professional standards and the promotion by state societies of university accounting courses.⁴

DISCURSIVE TRACES OF ACCOUNTING AND ACCOUNTANTS IN TRADE PRESS

The second phase of my research for this paper took several of the key terms related to this history – accounting, accountants, and bookkeep (as the root for both bookkeeping and bookkeeper) and ran searches for these terms in the trade press collected and scanned by the Media History Digital Library. Utilizing their Lantern interface, I ran word searches (in early October of 2020) that I limited to each calendar year to try to observe the degree to which the trade itself became increasingly aware of the use or need of this type of professional within its own developing profession. (I should note that I did not filter the use of “accounting” which has meanings beyond that of the job of accountants, so those are skewed high even though arguably its fluctuation is due in some part to changes related to my queries.) The results here, shown from 1900 to 1915, are as I anticipated they would be with a notable increase across the period. Now I should also note that these are really no more than broad sketches – we know, for example, of the introduction of new motion-picture trade papers between 1905 and 1910 and then of more fan-facing magazines between 1910 and 1915, and these graphs are based on raw counts rather than say a percentage of the total number of words available to be searched in a given year. Perhaps, the increase we see to 1915 can be attributed solely to that increase in the overall word count. So both to gauge that along a longer timeline and also out of curiosity regarding the continued discursive trail within the trades activated by an awareness of these accountants, I expanded the timeline to 1922, when the first flush of vertical integration and

⁴ With respect to “Modern accounting education” see Edwards and Walker, 303-10.

other industry-defining characteristics such as block booking are more concretized in the American film industry. Again, not surprisingly, those numbers continue to increase – with the “Total” (or the word counts for all three terms aggregated together) growing by three and a half times in the seven years from 1915 to 1922. Yet we see another trend perhaps emerge here right at the end, with the word counts for “accountant” dropping two years in a row. Arguably, as the industry became more professionalized and the manifestations of managerial and corporate capitalism became ensconced within the majority of motion picture business offices, the desire of the trade itself to articulate that degree of professionalization began to abate. Trades, in other words, were no longer selling the need to professionalize but rather began working to obscure the degree of that corporate professionalization or, less deviously, moving on to new problems in the now-normalized corporate culture that included accountants as “part of the woodwork.” Expanding out again to 1927 (and the introduction of feature-length synchronous sound), this seems to be what we in fact observe, with the count of these aggregated terms in fact peaking in 1922.

EARLY FILM ACCOUNTANTS:

The third facet of this research was to investigate further those few motion picture company accountants named in the trades before 1915 to see what this level of individual micro-history might reveal (or not) about the professionalization of this skill and position within the trade practices of the film companies in the 1910s.

Two of the first two that we find, in 1910 and '11 respectively, are for third-party accountants advertising their services, for hire (*Moving Picture World*, 1910) or in offering training (*Motion Picture Story Magazine*, 1911).

Both of these are typical of early periods of professionalization as the labor need exists before the employment structures become regularized and third parties look to take advantage of the imbalance in the demand versus supply relationship.

Walter Wright worked for the Saxe Amusement Co. in Milwaukee as early as January of 1912 (he shares his name with a director who worked for Keystone as early as 1916). The Saxe brothers had expanded from one theater to four between 1906 and 1909, the same year they incorporated as Saxe Amusement Entertainments (Gomery 21), so it is likely Wright had worked for them for several years already by 1912. Additionally, according to Douglas Gomery, the Saxe family were entrepreneurs principally interested in various kinds of real estate especially, or at least initially, in and around downtown Milwaukee (18), so the need for an accountant to manage the finances and budgets for these various properties and businesses is higher than for some other similarly early motion picture exhibitors. Wright's prominent position at the table in the photo - next to the company's attorney and two down from host and theater manager Thomas Saxe - indicates some degree of stature that could also imply corporate tenure.

Victor L. Abbey headed the bookkeeping department for Warners Pictures in Washington in 1914. Another way to read this short blurb is that each Warner branch office had a bookkeeping department and someone who headed it, indicating the likelihood of a normalization and professionalization of that position at least at Warner Bros. by the end of 1914. Abbey would go on, for the record, to work for Mutual in their Washington branch starting the following year and was running their serial department by 1916. He joined K.E.S.E (Kleine-Edison-Selig-Essanay Service) briefly in 1917 as a salesman before returning to run that same Mutual branch a few

months later. *The Moving Picture World* described him, upon announcing his return as branch manager, as “the 1918 model film man” (*MPW* Feb. 9, 1918, p.851).

James V. Bryson, the manager of the Laemmle Film Service in Minneapolis, began advertising his Theater Record Ledger in the pages of *Moving Picture World* at the end of 1912. The “newly revised 1913” edition is, however, the first record of such a Ledger in the trades that I can find, though this advertisement does explicitly note that he has, just that year, switched from selling through dealers to selling direct. These ads continue to run, offering revised yearly models – as we see here – generally for several months before and after the beginning of each new year at least through 1919. Note the recurring emphasis on “system,” a buzzword for aspirant business folk and one found regularly in “how-to” books aimed at small business owners in the teens. We see it in fact both in the money bag in 1914 and in the banner heading for the “revised 1916-17” ledger. Finally, note the pitch language during the war years that his was “the only form that you can keep a government war tax report on and keep it right.” Born in 1883, Bryson’s first job – according to his obituaries – was selling newspapers as a boy in Kansas City. By 1908 at the age of 25 he was the manager of the Dreamland Amusement Theater in Sioux Falls, South Dakota, a job he lost when the landlord leased the property out from under him. He shows up later that same year in Minneapolis (approximately 250 miles or 400 kilometers to the northeast of Sioux Falls) as the first head of the Laemmle Film Service branch office there. At some point he also ran Laemmle’s Los Angeles branch before returning to Minneapolis where he ran the branch again until October 1915. After that he opened his own Northwestern Motion Picture Equipment Company and then entered into states-rights distribution with *20,000 Leagues Under the Sea* (1916) and *Come Through* (1917) before once again returning to manage the Minneapolis

Universal office at the end of 1918. By the middle of 1920, Laemmle had charged him with establishing a Universal outpost in Sydney, Australia, and he then managed the European Motion Picture Company of England, Universal distributors in the British Isles, through the 1920s and into the '30s. In 1925 he staged an infamous promotional spectacle for *Phantom of the Opera*, for which he was remembered (though not in a positive light). He was released (and filed a failed lawsuit for wrongful dismissal) in 1933 at which point he remained involved but tangential to the British film industry until his untimely death due to a slip on the ice in front of his home in London on December 31, 1935, at the age of 52.

The final example of an early accountant working in the developing motion picture trade is George W. Stout, who worked first at Universal in New York and then with Thomas Ince, Mack Sennett and others in California where he claimed to have reorganized Ince's and then Sennett's operations "on a business-like basis" (Lahue 244) by greatly expanding those companies' departmentalization and the corresponding division of labor. Kalton Lahue interviewed him extensively for his book *Mack Sennett's Keystone* (1971) and he credits Stout as the source of much of the information in the book. From Lahue's text we know that Stout started as an accountant. Janet Staiger, borrowing from and expanding on Lahue's information about Stout - though she also borrows the error Lahue makes in his introduction (but only there) on Stout's middle initial - revised her 1979 article on Ince into part of her contribution to the well-known book with Bordwell and Thompson, *The Classical Hollywood Cinema*. About Stout there she says: "In 1913, [Ince] hired George B.[sic] Stout as a production manager. Stout was educated at Rutgers University as a public accountant" (136). It is true that Stout attended Rutgers College (not a university until 1945), but there is no evidence aside from the fact that his

first job was as an accountant that he received such training there. In fact, he did not graduate from Rutgers but appears to have dropped out after his junior year as his name appears in no alumni lists and while he is named and photographed for his junior yearbook (1910-11), he is absent from the next year's edition. Moreover, Rutgers College was still a small liberal arts college then and aside from some possible courses in "Higher Mathematics," it did not offer, at that time, a degree or program in accounting, economics, or business. The one corollary for his later career that is perhaps evident already and possibly served as training during his time at Rutgers was his service as the Treasurer and Manager for the Glee and Mandolin Club, where he also sang first bass.

In conclusion, there is a significant temporal correlation, at the beginning of the twentieth century, between the ascendance of the public accountant as a profession and the growth, professionalization, and industrialization of the motion picture trade. In addition, there is a notable, if simplistic, relationship in the way in which motion picture and entertainment trade papers at the time indicate the increasing presence of accountants and professionalized accounting services at least until the point when it becomes a regularized and normalized aspect of doing business in Hollywood. Yet the neat correspondence between professional training as an accountant and the kinds of larger industrial structures that industry players such as George Stout have been credited with appears to be unique or at least rare rather than more widely consistent with the industry's transformation. Though it is not really, then, indicative of any broader trends, it is nonetheless a small but important piece of the American moving picture business's appropriation of strategies, practices, professions, and professionals from the larger business culture of the era.

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