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“THE ROARING NINETIES”: A COMMENT ON THE STATE OF ACCOUNTING HISTORY IN THE UNITED STATES

Abstract: This comment on a recent contribution by Fleischman and Radcliffe [2005], entitled “The Roaring Nineties: Accounting History Comes of Age,” specifically deals with their cautionary comments on the general condition of accounting history research in the U.S. around the close of that decade. The author contends that public interest in accounting’s past is currently strong, especially following the recent corporate scandals and audit failures in the U.S., and points out that accounting history research projects which are of relevance to policy makers and regulators are likely to be both funded and, accordingly, recognized.

Dick Fleischman and Vaughan Radcliffe have rendered a timely, interesting, and well-written account of an action-packed decade in accounting history research and publication which has been captured by the colorful title “The Roaring Nineties: Accounting History Comes of Age” [Fleischman and Radcliffe, 2005]. Readers of this contribution gain a strong sense that accounting history, as a field of scholarly endeavor, is more popular than ever before. Indeed, the authors stated, “it was only in the last decade of the 20th century that a substantial expansion and maturation of its research agenda occurred” [Fleischman and Radcliffe, 2005, p. 61; see also, Walker, 2005]. The underlying level of enthusiasm in the field, as is manifest within the article itself, is equally evident in recognizing the fact that this contribution appeared in the *Accounting Historians Journal* within five years after the end of “the roaring nineties” (1991 to 2000).

Notwithstanding the generally positive tone described above, the final section of the article, entitled “concluding remarks and a cautionary word,” refers to an ominous cloud on the horizon of accounting history research and publication in the U.S. [Fleischman and Radcliffe, 2005, pp. 82-86]. Indeed,

the authors argued that “the field’s prospects in the U.S. seem to be diverging from the promising conditions seen in much of the rest of the world” [p. 83]. According to Fleischman and Radcliffe [2005, p. 84], “conditions in the U.S. are significant for researchers worldwide, not only because history is threatened in one jurisdiction but because that jurisdiction has proved to be an influential model in both the practice and study of accounting.”

Without desiring to re-examine the difficulties being faced in the U.S. by accounting history, as discussed by Fleischman and Radcliffe, it is useful to summarize the recent adverse indications. These include the apparent exclusion of accounting history from major U.S. journals; the failure to renew the professoriate in this field; the disinclination of accounting departments to provide doctoral training in the field; and the declining U.S. membership of the U.S.-based Academy of Accounting Historians.¹ In their final sentence, Fleischman and Radcliffe [2005, p. 86] almost worryingly stated a hope that the roaring nineties “will not also be regarded as ending with the quiet but discernable *death* of accounting history in the U.S.” (emphasis added). In sharing this hope and also in supporting the authors’ portrayal of accounting history in a broader international context, the following brief comments are made in the interest of furthering discussion and debate on the trends identified.

Is interest in accounting history at or near death in the U.S.? Looking in from the outside, and acknowledging the disadvantages this external insight may provide, the present answer is almost certainly a negative one. Why is this so? It is because never before in the U.S. has there been such a strong public focus on accounting and audit from the early 2000s when “a raft of corporate scandals highlighted how auditors failed to blow the whistle on financial reporting frauds, such as Enron, WorldCom and HealthSouth” [Parker, 2005b, p. 12], and which brought the dramatic demise of Arthur Andersen. Should any readers wish to find out more about such happenings, venture to a cinema complex near you and watch the movie *Enron: The Smartest Guys in the Room* or read one or more of the almost endless array of books on such major corporate collapses and the related accounting and audit debacles. These spectacular happenings and the associated reforms made to the regulation

¹At the time of writing, the author was a trustee of the Academy of Accounting Historians. All views expressed in this paper are the personal views of the author and may or may not be supported by the Academy.

of accounting and audit in the U.S., along with activities within the accounting profession generally, have stimulated an industry of accounting watchers, commentators, and authors. Many authors of this genre have taken an historical perspective in preparing their works, including those who have focused attention on accounting practices, accounting firms, and, more generally, the accounting profession.

The writer, for instance, has recently reviewed in an accounting journal two books which take an historical perspective in examining the recent U.S. events. The first of these two books is entitled *Unaccountable: How the Accounting Profession Forfeited a Public Trust* by Brewster [2003] [Carnegie, 2005b]; the other is *Inside Arthur Andersen: Shifting Values, Unexpected Consequences* by Squires et al. [2003] [Carnegie, 2005a]. There are many other books of this ilk or similar [see, for example, Jeter, 2003; McLean and Elkind, 2003; Toffler and Reingold, 2003; Wood, 2004; Eichenwald, 2005; Skeel, 2005].

It is true, of course, that such authors are almost always not accounting academics in leading universities with long lists to their names of refereed articles on the historical development of accounting. Yet, authors of this genre are typically experienced writers who seem to rely heavily on the official histories of firms, such as Arthur Andersen, and/or classic accounting history texts, such as *A History of Accountancy in the United States: The Cultural Significance of Accounting* by Previts and Merino [1998] and *The History of Accounting: An International Encyclopaedia*, edited by Chatfield and Vangermeersch [1996], as well as, in a number of cases, oral history interviews and recollections of their experiences by leading accounting professionals. Classic texts on accounting's past at least summarize, in a convenient form, the relevant accounting history research which underpins their preparation.

Books released for the mass market of the kind described by non-accounting historians are typically interesting and easy to read. They would surely not have been published unless there was sufficient commercial interest in their preparation. And so, there presently exists commercial interest in historical perspectives on accounting and audit in the U.S. There is also greater oversight of accounting and audit in the U.S. than ever before as a result of the disasters which have sparked this unprecedented popular interest in accounting's past.

What are the research topics that are occupying the minds of U.S.-based members of the Academy of Accounting Historians? It is very difficult to submit any authoritative response to

this question. One way of gleaning some fragmentary evidence, however, is to examine the program of the 2005 Research Conference of the Academy which was held in Columbus, Ohio during October 6-8, 2005.² Among the concurrent research papers presented, only one research paper was identified which directly addressed the issues which are effectively selling books, such as those written by Brewster [2003] and Squires et al. [2003]. The single paper is entitled "Neo Liberalism, Deregulation and Financial Reporting Abuses during the Last Two Decades in the United States" by Merino et al. [2005]. At the time of writing, no articles of this genre have appeared in the Academy's journal, the *Accounting Historians Journal*.

It would appear that the calamity which has besieged the accounting profession in the U.S., with implications for the accounting profession worldwide, and which has occupied many non-accounting historian authors has yet to exercise a discernable impact on the research agendas of many, if not most, U.S. accounting historians. And yet, accounting and other policy makers and regulators in the U.S. are likely to be at least interested in being acquainted with rigorous and robust research findings which assist them in their analyses of issues and in formulating policies and/or rules and even in identifying past accounting solutions that may be relevant to current problems. Are prominent and even exciting research opportunities being identified and realized by Academy members in the U.S.? If not, perhaps U.S. accounting academe is failing, at least in part, to fulfill a vital role in the U.S. economy and society and, therefore, to realize its potential for the nation and beyond.

It is to be hoped that research within institutions of higher education, including accounting research, is responsive to what goes on in the world. Many scholars at least hope that their research will assist in shaping public opinion and even lead to changes in behavior in society. The popular commercial interest in the history of accounting will hopefully translate into greater receptivity towards history by the U.S. accounting research community. Fear of failure to sharpen up to society's expectations and needs may even persuade the editors of capital-markets journals and their followers, in particular, to become more interested in, or at least tolerant of, the important insights that can be provided by rigorous historical investigation and analysis in accounting. If not, claims that such research groups live

²A copy of the conference program is found at the following site: <http://fisher.osu.edu/acctmis/hall/conference/> (site visited on October 18, 2005).

in their own world as self-perpetuating institutions may become increasingly valid in the aftermath of the recent major accounting shocks in the U.S. [see, for example, Lee, 1995, 1997; Williams and Rodgers, 1995].

Of course, it may be argued that any emerging focus by accounting historians in the U.S. on corporate failure is not sustainable as the accounting profession is now beginning to regain public trust in that country [see, for example, Parker, 2005a, b]. However, the outgoing chairman of the Public Company Accounting Oversight Board (PCAOB), William McDonough, is cited as stating that “investors’ faith in the accuracy of audited published statements has not been fully restored” [Parker, 2005b, p. 12]. According to McDonough, the alleged securities fraud at Refco indicates “there is much work still to be done” [Parker, 2005b, p. 12]. Indeed, the work of the PCAOB has shown that there are still, in the reported words of McDonough, “significant difficulties” in the dependability of certain auditing work being undertaken in the U.S. by major international accounting firms [Parker, 2005b, p. 12; see also, Norris, 2006]. Unlike previous rounds of corporate failure in the U.S., where the accounting profession has experienced scrutiny which then subsided, this round of intense scrutiny has never been stronger and will not be completely shaken off if ever, until leading companies are no longer regularly required to restate their accounts through the work of the PCAOB.

Increasingly, research in higher education institutions is being measured in convenient and supposedly reliable ways. One key way of quantifying research productivity is by means of measuring the amounts of direct funding which academics receive, if any, for their proposed research projects from public and other funding bodies [Carnegie and Napier, 2002, p. 711]. Around the globe, accounting historians in at least some countries are becoming increasingly conscious of the need to seek external funding for their research activities, and there is evidence to suggest that certain scholars are becoming well versed at obtaining competitive research funds to assist in financing their accounting history research on a variety of topics, including corporate collapse and audit failure. This should be recognized as a positive trend for accounting history research in an international context rather than a perceived threat to the field.

The growing need to seek and attract such research funds by means of competitive grants, especially in terms of establishing or maintaining the visibility of research groupings or com-

munities, appears to be no less urgent in the field of accounting history than in the U.S. at this time. Accordingly, U.S.-based Academy members should aim, where possible, to make their research more visible, and perhaps by necessity of more relevance to economy and society, by seeking available financial support from public and other funding agencies in the country. There is an old adage: "What gets measured gets done." In the modern era of academe, "what gets measured gets recognized." Through increased recognition, the field will prosper internationally.

Presumably, recognition is what accounting history research and publication in the U.S. currently needs most of all. If that recognition comes in line with the current enhanced levels of public interest in the field as outlined above, at least some other problems, as elucidated by Fleischman and Radcliffe [2005, p. 85], will tend to be addressed, if not tempered in due course. The so-called problematic organization of the field in the U.S. may be perceived as less of a concern should accounting history research and publication gain enhanced recognition and even contribute to the shaping of public opinion on a scale not yet experienced. Such things, of course, are much easier said than done! Predicting the future is not the aim of this exercise. Notwithstanding, the perceived threat to accounting history in the U.S. can equally be perceived in more positive terms, if not as an opportunity, in the current climate.

This contribution will hopefully generate further discussion and debate on the subject. If so, such contributions may assist in demonstrating that accounting history research is essential in augmenting our understanding of accounting's past and present both in and beyond the U.S. Irrespective of where historical accounting research is undertaken, "explanations adopting a historical perspective will help us to understand the nature of accounting change and its impacts on organizational and social functioning, as well as enabling us to appreciate better, and thereby effectively critique, the accounting of today" [Napier and Carnegie, 1996, p. 6; see also Carnegie and Napier, 1996; Previts et al., 1990, pp. 3-8].

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