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The Accounting Historians Notebook



Vol. 18, No. 2

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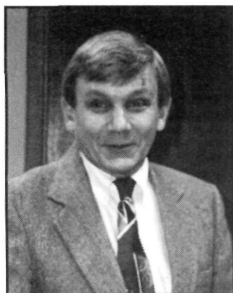
Fall, 1995

ACADEMY ADMINISTRATIVE OFFICE LOCATED AT ALABAMA

The Academy of Accounting Historians has established its administrative office in the Garner Center for Current Accounting Issues in the Culverhouse School of Accountancy at the University of Alabama. Dr. William D. Samson, Roddy-Garner Professor, will assume the duties of Academy secretary as of January 1, 1996, and will perform the administrative functions for the Academy. Establishment of a permanent home for the Academy's administration office will be of great benefit to its members. Bill moderated the dedication ceremony, and he, Dean Paul Garner, Thomas Lee, and others who contributed to this event are to be congratulated.



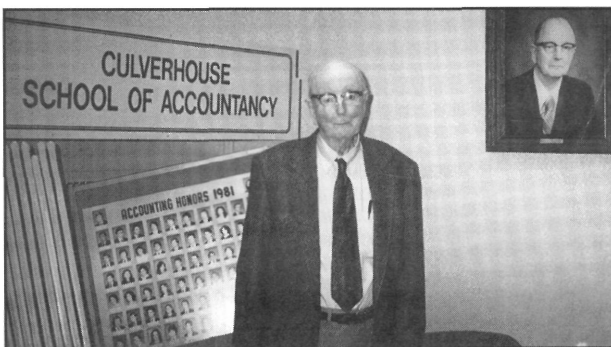
William D. Samson



Gary Previts

The dedication ceremony to establish the administrative office at the Garner Center was held on Monday, November 13, 1995, in Bidgood Hall, where the Garner Center is located, with approximately fifty Academy officers and trustees, faculty, students, and former accounting graduates of the University of Alabama attending. Dr. Gary Previts, Case Western Reserve University and trustee and former president of the Academy, as the featured speaker, spoke to the assembly on the subject of "Accounting History Evolution and the Future." A reception in the Alston Parlour followed the dedication ceremony, and tours of the Garner Center, Bruno Library, Bashinsky Computer Center, and Alston Hall were provided.

Dean S. Paul Garner was honored for his lifetime contributions to accounting history and to the Academy. Also, Dr. Alfred R. Roberts was recognized for his many contributions to the Academy with the awarding of Life Membership and the presentation of a bound volume of letters from AI's many friends and colleagues. Dean Garner and AI, as well as, several in the audience, were instrumental in the establishing of the Academy, its development in the early years, and have continued to provide leadership.



S. Paul Garner

MESSAGE FROM THE PRESIDENT

It is hard to believe that my tenure in office is rapidly drawing to a close. A major achievement this year was to establish what we hope will be a permanent secretariat for the Academy, located at the University of Alabama in Tuscaloosa at the Garner Center. Our thanks to the Academy's incoming secretary, Bill Samson, for arranging such a fine opening ceremony at the Garner Center on November 13, 1995.

The Academy's annual research conference, held in Urbana, Illinois, on November 3-4, 1995 was well received judging from the numerous letters of appreciation that delegates were kind enough to send. Many nations were represented, both among the speakers and in the audience, and the range of topics was both wide and broad. Congratulations and thanks go to the program chair, Leslie Oakes, for her considerable efforts in putting this event together.

A major concern this year was to evaluate the Academy's communication system in light of current-day realities, including technological changes. A number of questions were of concern. What adjustments would seem appropriate in the way that the Academy functions? Can we reach members electronically through the worldwide web? Should we continue to vote at general meetings which fewer and fewer members have the financial support to attend? This Summer, I appointed a special task force to look into this matter, chaired by Finley Graves, and sent out a questionnaire to the general membership in the hope of providing the task force with the basic feedback it would need to build on. Unfortunately, only about 10 percent of the membership responded, but the following is a summary of the survey results:

- Likelihood of using the home page:
 - 53% yes; 47% no; about even.
- The Notebook:
 - Format and contents: 81% ok as is.
 - Frequency, twice a year: 77% ok as is.



- Need for separate newsletter: 64% no; 34% yes.
- Timing and frequency of membership meetings:
 - Satisfaction with timing and frequency of CPE courses: 93% yes.
 - Satisfaction with annual reception at AAA annual conference: 100% yes.
 - Satisfaction with timing of annual general business meeting: 69% yes; 31% no.
 - Preference for the annual general business meeting in conjunction with AAA annual conference: 72% yes; 28% no.

Judging from this very limited sense of membership preferences, the single biggest change in the status quo would be to shift the annual general business meeting, when members may exercise their right to vote rather than just meet socially, back to its original time and place. The main reason for its previous change in timing and venue has now been substantially overcome. Further, the AAA annual conference brings to the United States more of our members from various countries than any other event. At the trustees meeting recently, the general

feeling was, however, that a 10 percent membership response does not constitute adequate feedback to warrant instituting a major change in policy. If you would like to add your two cents (inflation adjusted), please contact Finley Graves at The University of Mississippi about this particular issue—or any other general or specific way in which the Academy's communication system could better serve its members.

Committees are winding down their work, ready to pick up the reins again under our next president, Doris Cook. It is time for me to give my sincerest thanks to all who

have worked so hard. I look forward to seeing as many of you as possible at the Academy's reception at the AAA conference in Chicago.

With all the very best of holiday greetings!

Maureen Berry



HISTORY PAPERS PRESENTED AT THE AAA

Several papers representing historical research were presented at the Annual Meeting of the American Accounting Association in Orlando, August 14–16, 1995. For your information, these were:

“Historical analysis of Auditor Responsibilities—1900 to 1940,”

Ram S. Sriram
Georgia State University
Gloria Vollmers
University of Maine

“The Annual Operating Budget's Influence on Local Government Financial Reporting: A Historical Perspective,”

Laurence E. Johnson
Colorado State University

“A Past As Participants Knew It: Piece Rates, Time Study, Standard Costs and New Technology in the U.S. Men's Tailored Clothing Industry,”

Thomas N. Tyson
St. John Fisher College

“Archival Researchers: Endangered Species?”

Richard K. Fleischman
John Carroll University
Thomas N. Tyson
St. John Fisher College

see *HISTORY* on page 32

SCHEDULE OF ACADEMY FUNCTIONS

A brief listing of Academy activities for 1996 are presented herein to bring to your attention the currently planned meetings.

Trustees and Officers Meeting

April 20, 1996, New York City, NY
In conjunction with the joint Meeting of the Northeast AAA and the New York Society of CPAs

7th World Congress of Accounting Historians

August 11–13, 1996, Queen's University
Ontario, Canada

In conjunction with the Annual Meeting of the American Accounting Association

August 14, 1996, Chicago, Illinois

Trustees & Officers Meeting

1:00–4:00 p.m.

Past President's Dinner, 6:00 p.m.

Membership Reception, 8:00–4:00 p.m.

1996 Research Conference; The Centennial Anniversary of the First CPA Examination: A Century of Professional Progress

December 5–7, 1996, Cleveland, Ohio

Annual Business Meeting

December 7, 1996, Cleveland, Ohio

CALL FOR PAPERS

THE ACADEMY OF ACCOUNTING HISTORIANS

1996 RESEARCH CONFERENCE

THEME: The Centennial Anniversary of the First CPA Examination:
A Century of Professional Progress

DATE: December 5–7, 1996

PLACE: Cleveland Marriott Society Center, Cleveland, Ohio
Information about hotel rooms will be mailed later.

SUBMISSION DEADLINE: June 15, 1996

The Academy of Accounting Historians invites you to submit papers which address historical issues and topics related to the theme of the 1996 Research Conference in Cleveland, Ohio, on December 5–7, 1996. Issues and topics include the following:

- the evolution of professionalism in accounting,
- the schism between theory and practice as reflected in the training of American practitioners, the content of the CPA exam, and U.S. practice,
- The CPA exam as a suitable measure of entry level competence and as a determinant of the educational content of accounting programs,
- The relationship between the AICPA and NASBA,
- Comparative analysis of the certification exams in the U.S. and other countries,
- the effects of the industrial revolution and the information age on the CPA profession,
- the expectations of accounting information users: 1900 vs 2000.

Four copies of the double-spaced completed paper should be submitted by June 15, 1996. All papers will be double-blind reviewed. Authors will be notified of the status of their papers by September 1, 1996. Submit the four copies of your paper to:

Professor Kathleen E. Sinning
3182 Haworth College of Business
Western Michigan University
Kalamazoo, Michigan 49008-3899

Professor Sinning may also be contacted by phone at (616) 387-5259 or by FAX at (616) 387-5710. General correspondence may be directed to Professor Doris M. Cook, Department of Accounting, University of Arkansas, Fayetteville, Arkansas, 72701 (Phone: (501) 575-6125 or FAX: (501) 575-7687). Professor Marilyn Collins will chair the hotel arrangements and may be contacted at the Department of Accountancy, John Carroll University, Cleveland, Ohio 44118.

ESTEVE RECEIVES THE HOURGLASS AWARD



Maureen Berry and Esteban Hernandez Esteve

Esteban Hernandez Esteve, Bank of Spain, has received The Academy of Accounting Historians' Hourglass Award for 1995. President Maureen Berry presented the Award to Mr. Hernandez Esteve on November 3, 1995, at the Academy research conference in Urbana, Illinois. This is the second Hourglass Award received by Mr. Hernandez Esteve as he also received the Award in 1984 for his *Contributions to the Study of Spanish Accounting History*. He now shares the honor with Basil S. Yamey of having received the Award twice.

The Academy presents the Hourglass Award, its most prestigious award, to individuals who have made significant contributions to the study of accounting history. Esteban Hernandez Esteve received the Award in 1995 for his excellent work on Luca Pacioli, *De Las Cuentas Y Las Escrituras*, published by Asociacion Espanola De Contabilidad Y Administracion De Empresas (AECA) in 1994. This beautifully published volume consists of three parts. First, Mr. Hernandez Esteve wrote about Pacioli's life and work, entitled "Estudio Introductorio Sobre La Vida Y Obra De Luca Pacioli." Second, Pacioli's *De Las Cuentas Y Las Escrituras* was translated into Spanish by Mr. Esteve. Third, Pacioli's *De Computis Et Scripturis* was photographically reproduced from a copy of *Summa de*

Arithmetica, Geometria, Proportioni & Proportionalita at the Sevilla University.

Esteban Hernandez Esteve's contributions to accounting history are indeed phenomenal. He is president of the Comision sobre Historia De La Contabilidad De AECA and a significant influence in the development of European and Spanish interest in accounting history. He continues to present papers and publish accounting history research in significant quantities as illustrated by his presentation of "The Suma De La Art De Arismetica," at the Academy research conference in Urbana on November 3, 1995, "A Summa of Arithmetic Prior to that of Luca Pacioli: The 'Suma de la Art de Arismetica,' by Francesch Sanct Climet (Barcelona, 1482)," at the XVIII Congress of the European Accounting Association at the University of Birmingham on May 10-12, 1995, "Algunos incunables sobre calculo o aritmetica mercantil anteriores a la 'Summa' de Luca Pacioli: la Aritmetica de Treviso y las obras of Sanct Climent, Borghi, Widman, Clandri y Pellos," at the VIII Congreso de AECA in Sevilla on September 27-29, 1995, "Vida y obra de Luca Pacioli. Reflexiones en el Quinto Centenario de la publication de la Summa," at the Universidad de Alcala de Henares, April 21, 1994, "The Accounting Treatises by Luca Pacioli (Venice, 1494) and Bartolome Salvador de Solorzano (Madrid, 1590). Some Comments and Comparisons," at the 17th Annual Congress of the European Accounting Association in Venecia, April 6-8, 1994, and "Noticia de la contabilidad del Banco Nacional de San Carlos en sus primeros tiempos (en torno a 1787)," at the Fifth Congress of the Economic History Association in San Sebastian, September 29-October 1, 1993.

The Academy is fortunate to have individuals such as Esteban Hernandez Esteve as a member. His accomplishments benefit all who are interested in the advancement of accounting history research.

ACCOUNTING FIRM HISTORIES IN TEACHING AUDITING AND FINANCIAL ACCOUNTING

by

Daniel T. Simon

University of Notre Dame

While the history of accounting is a well-developed field with established journals and numerous books, few universities offer classes devoted to accounting history. Moreover, in most curricula little or no attention is paid to history in financial accounting, cost accounting, or auditing classes. Consequently, few students have much knowledge of the history of the profession including even its most recent history. For example, when discussing the subject of auditor liability with a class in 1994, I asked the students what the importance of the Laventhol and Horwath bankruptcy was. None of the students had heard of this firm or had any idea of what, if any, importance there was to the accounting profession of its demise. Slightly less surprising to me was that none of my students had heard of Main Hurdman (the ninth largest U.S. auditing firm prior to its 1987 merger with Peat Marwick). In addition, few students were aware that current accounting and auditing standards (e.g., Financial Accounting Standards Board and Auditing Standards Board Statements) had significant historical antecedents that could enable them to better understand the reasons for their development.

This article does not attempt to provide a complete remedy for the lack of historical awareness of accounting history by either students or professors. Instead it provides a few pedagogical examples of how the history of accounting can be incorporated into conventional lectures on financial accounting and auditing in a way that will both introduce students to a historical perspective on accounting and contribute to an improved understanding of the basic subject matter. A rich source of accounting history is found in

the official or semi-official histories of large accounting firms. Beginning in 1951 and continuing until the early 1980s, several of the largest U.S. accounting firms (see references) published "official" histories of their firms. In addition, a managing partner of one firm, Arthur Andersen & Co., was interviewed extensively for a "semi-official" history of his firm (Spacek, 1985).

These official or semi-official sources provide useful information which can enable accounting teachers to use anecdotes from accounting history to illustrate important points. This article illustrates how this can be done mainly by using material from these "authorized" histories of accounting firms and some other sources to develop a number of "trivia" questions. Each of these questions is designed to provide historical perspectives on the profession and also to provide useful information on current topics in financial reporting and auditing.

Each question (Q) will be followed by the answer (A) and then by a brief teaching note (T) which discusses the relevance of the question and answer to current issues in accounting and auditing. The sources for the answers, most of them official or semi-official accounting firm histories, will be cited with the answers.

Q1. Which was the first large international accounting firm to hire significant numbers of women accounting professionals?

A1. Price Waterhouse. Faced with a shortage of personnel due to the draft into the military of many young male accountants during World War II, Price Waterhouse recruited a number of women. These new employees went

through an eleven-week training course in auditing and accounting at Northwestern University (DeMond, 1951, pp. 293-294). Following the end of the war, the firm expected its female employees to resign; most of them did, but a few kept working as auditors until the early 1950's.

T1 It was not until the mid-1960s that most major CPA firms began to hire minorities or women in significant numbers. For example, an official history of a major firm from its inception through 1963 describes the valuable contributions of female secretaries to the firm, but also notes that "our firm has never employed women for its professional staff" (Arthur Andersen, 1984, p. 97). This lack of interest in employing women and minorities should not be presented as a specific condemnation of the accounting profession, since it was quite typical of most American institutions at the time.

Q2. Two brothers who lived in Cleveland founded an accounting firm in 1903, putting in a total capital contribution of \$500. In 1906, one of the brothers decided that the accounting business was not likely to be a profitable venture and withdrew his contribution to start a commercial laundry. What was the name of the firm and which Big Six accounting firm continues to exist long after the withdrawal of one of its founders?

A2. Ernst & Young; the original firm was known as Ernst and Ernst and practiced under that name until the late 1970s (Ernst & Ernst, 1960, pp. 1-6).

T2. The AICPA's code of conduct allows firms to practice under the same name following the withdrawal of a partner. Ernst & Ernst continued to practice under the original name long after the withdrawal of one of the original partners from the firm. The firm history does not discuss whether the withdrawing partner's laundry business was

a success.

Q3. Arthur Andersen, founder of the firm that bears his name, died in 1947. What was one of the first acts by the partners of the succeeding partnership?

A3. Arthur Andersen, Jr., son of the firm's founder, was eliminated from any participation in the new firm (Spacek, 1985, pp. 80-82). Of course, the succeeding partnership continues to practice under the original name to this date.

T3. The basic lesson of this question is the same as question two: an accounting firm may continue to practice under its original name long after the original partner or partners have left the firm.

Q4. What was the primary historical antecedent of the use of the "pooling of interests" method of preparing consolidated financial statements?

A4. In 1941, William Black, managing partner of Peat Marwick, developed the "pooling of interests" theory in response to the request of a client, Celanese Corporation, which wished to merge with Celluloid Corporation (Wise, 1982, pp. 49-50). Celanese did not want to use purchase accounting which would have required that the excess of the purchase price over Celluloid's book value be amortized against the future earnings of the combined entity. The use of "pooling" allowed the newly-combined entity to report larger profits than would have been reported if "purchase" accounting had been required. Subsequently, "pooling" accounting became a very popular method of treating business combinations. Because of the belief that the method was being abused, its use was curtailed, but not eliminated, by pronouncements of the Accounting Standards Board in the late 1960s.

T4. This Question could be used as a teaching device to suggest the relevance of positive accounting theory to the development of accounting standards. In this case, the accountant put forth a "theory"

which, while not unreasonable, might appear to have been developed largely to serve a client's desire for more favorable accounting treatment.

Q5. This is a "mix them and match them" question, based on the relationship between well-known practicing accountants and their involvement in academic education.

Famous Accountant

Academic Attachment

- | | |
|---|---|
| 1. Arthur Andersen
(founder of you know what firm) | a. Chairman of the Accounting
Department at University of
Notre Dame. |
| 2. Cleris Chizek
(an original partner of what is
now the 13th largest accounting
firm in the U.S., Crowe, Chizek, and Co.) | b. Dean of the Business School
at New York University |
| 3. John R. Wildman
(an early partner of the firm of
Haskins and Sells, now Deloitte
and Touche) | c. Accounting Professor at
UCLA |
| 4. George D. Bailey (one of the
founding partners of Touche Ross,
since merged into Deloitte and Touche) | d. Chairman of the Accounting
Department at Northwestern
University |

A5. 1-d; 2-a; 3-b; 4-c. Arthur Andersen was a professor of accounting and an early department chair at Northwestern University. Chizek, a founding partner of what is now the 13th largest CPA firm in the United States, was accounting department chair at the University of Notre Dame in the 1940s. John R. Wildman was a partner in Deloitte Haskins and Sells and also accounting professor and department chair at New York University. Bailey taught at Harvard, the University of Michigan, and UCLA following his retirement from public accounting in 1958.

T5. The main point here is that the collaboration of academics and practitioners was once closer than is the case today. Practicing accountants were more directly involved in accounting education, and academic accountants were perhaps more interested in practical problems affecting the profession.

Q6. What was the most notorious "audit failure" of the 1930s and what consequences did it have for the profession?

A6. The McKesson-Robbins case. McKesson-Robbins, a publicly traded company, had fictitious receivables and inventory allegedly held by a Canadian subsidiary. The firm's auditors, Price Waterhouse, failed to confirm the receivables or observe the inventory. Once the fraud was discovered, actions by the SEC and the accounting profession led to the requirement that an audit usually involve direct confirmation of receivables with the debtors and auditor observation of inventory (DeMond, 1951, pp. 257-279).

T6. The obvious teaching point is simply that confirmation of receivables and observation of inventory are today considered normal audit procedures. A secondary point is that both government regulators and the profession itself are often reactive rather than proactive; i.e., without this highly-publicized audit failure, these two audit procedures, which we now take for granted, might not have become standard practice. An entire chapter of the official history of Price Waterhouse (DeMond, 1951) is devoted to this incident. This chapter could be used as interesting supplementary reading in an auditing course, since there is considerable similarity between the McKesson-Robbins case and recent accounting scandals such as ZZZZ Best and PharMor.

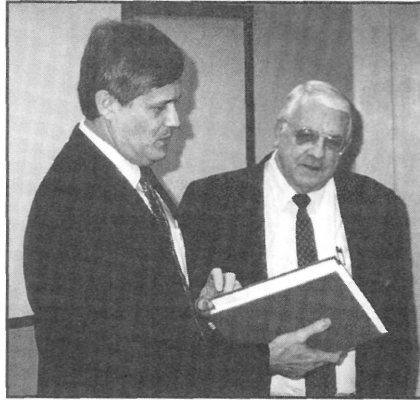
Q7. Which important client of a major accounting firm dismissed its auditor in the 1930s because the auditor refused to allow the client to use the equity method for its investment in another firm?

A7. The large chemical company, E. J. DuPont, which was one of Arthur Andersen's largest clients. DuPont accounted for its approximately 25% holding of General Motors stock using what is now called the equity method of accounting. After receiving a qualified opinion, DuPont fired Arthur

See HISTORIES on page 31

LIFE MEMBERSHIP AWARDED TO AL ROBERTS

Dr. Alfred R. Roberts was awarded life membership in the Academy of Accounting Historians in recognition of his many years of service and contributions to the Academy. The award and recognition of Al was made during the dedication ceremony of the Academy's new Administrative Office at the Garner Center in the



Dale Flesher and Al Roberts

Culverhouse School of Accounting at the University of Alabama. Dr. Dale Flesher, of the University of Mississippi and a past president and trustee of the Academy, made the presentation to Al. Al also received a bound volume of letters of congratulations and appreciation from his friends and colleagues. Of course there is no truth to the rumor that it was a one page volume.

Al is a charter member of the Academy and made significant contributions in the establishment of the Academy in 1973 and its development in the formative years. He served as president in 1974-75, as secretary/treasurer in 1975-76, and as secretary for more than a decade.

Al has served as a trustee and on a number of committees during the past twenty years. Also, Al has served as a co-

director of the Accounting History Research Center at Georgia State University from its inception. He is one of a few individuals who knows the history of the Academy because he has been an integral part of its growth and development.

Al received his Ph.D. from the University of Alabama in

1971, writing his dissertation on the contributions of Robert Montgomery. Al was a member of the School of Accountancy faculty at the University of Missouri for several years before joining the faculty at Georgia State University in 1975. During his twenty year tenure at Georgia State University, Al made significant contributions to the School of Accountancy, the College of Business, and the University through his work on the University Senate, College Faculty Affairs and Promotion and Tenure Committees, and many other School of Accountancy Committees. He also served for two years as the acting head of the Department of Information Systems at Georgia State University. Al retired in June, 1995, and his presence and counsel are surely missed.

A THOUGHT FROM THE PAST

"...the ideal conception by the profession itself of its true mission, a conception from within and not dependent upon extraneous exigencies, places accountancy far outside the pale of all ordinary callings, and sets it upon a platform of its own as a learned profession, self-impelled to culture, to moral enlargement, and to scientific attainment; and lays a basis of confidence for every business enterprise that in professional accountancy there is a self-centered soul of economic truth."

—C.W. Haskins,

Dean and Professor of Auditing and of the History of Accountancy, "History of Accountancy," Introductory Lecture, New York University School of Commerce, Accounts and Finance, Commerce Accounts & Finance, Volume 1, Number 1 (Jan. 5, 1901): 6.

DISORDER AND HARMONY

Contributions of 20th Century Accounting

7th WORLD CONGRESS OF ACCOUNTING HISTORIANS

The 7th World Congress of Accounting Historians will be held at Queen's University, Ontario, Canada on August 11–13, 1996. Previous congresses, beginning in Brussels in 1970, held in the United States, England, Italy, Australia, and Japan have provided three days of presentations and discussions to the growing number of persons attending—over 200 at the most recent Congress. The congresses have encouraged the dissemination of research, generated greater interest in accounting history, and fostered a link between various accounting historians around the world.

The program of the Congress will include a keynote address by Daniel Wren, plenary sessions by Maureen Berry, Barbara Merino, and Gary Previts, and concurrent sessions for competitively reviewed papers. These events are scheduled to begin on Sunday, August 11, and conclude on Tuesday, August 13, 1996. The social program features a welcome reception on Sunday, August 11, a formal banquet on Monday, and two luncheons. Exhibitions include: National Archives of Canada, Archives of Ontario, Various Provincial and National Business Archives, Queen's Archives, Local Historical Sites: Kingston's Association of Museums, publishers of accounting and history texts, and interactive computers for Internet demonstration.

Program details will be mailed to you upon receipt of your registration form. Information also will be posted on the Internet site of this Congress listed under upcoming events at the Queen's School of Business home page: <http://qsilver.queensu.ca/business>. The Congress is co-sponsored by the Academy of Accounting Historians, CGA Canada, Queen's University, and Social Science and Humanities Research Council of Canada.

Conference fees include an opening reception, banquet, two luncheons, refreshments during breaks, attendance at all ses-

sions, exhibits, the conference proceedings, and monograph. Conference fees for delegates are \$150 CDN before March 31, 1996 and \$200 CDN after that date; for retired or students the fees are \$50 CDN before March 31, 1996 and \$75 after that date. Fees for guests for the banquet and reception only are \$60 CDN and for extra copies of the monograph are \$30 CDN. Reservations for housing should be made separately and rooms will be available at the Holiday Inn Kingston, Howard Johnson Kingston, and Ramada Inn.

For information about the Congress, contact:

Alan J. Richardson, Congress Convenor
or Ms Christy den Haan-Veltman, Secretary
7th World Congress of Accounting Historians
School of Business, Queen's University
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THE ACCOUNTING HISTORIANS NOTEBOOK

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HOME PAGE

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NEWS AND NOTES

CARNEGIE ASSUMES EDITORSHIP

Garry D. Carnegie, Professor, Deakin University, has assumed the editorship of *Accounting History* with the retirement of Robert Gibson. Garry has appointed an international editorial board to provide input to the publication. *Accounting History* is the official publication of the Accounting History Special Interest Group of the Accounting Association of Australia & New Zealand.

PREVITS IS THE ACADEMY'S WEBMASTER

Gary Previts, Case Western Reserve University, is currently the Webmaster for the Academy's home page. The home page address is <http://weatherhead.cwru.edu/accounting/> and all comments regarding content should be addressed to Gary (INTERNET: gjp@cleveland.freenet.edu; Phone: (216) 368-2074; Fax: (216) 368-4776). The home page presently features the proceedings text of the December, 1994, research conference on accounting history education held in Atlanta.

GRAVES AND WALSH PRESENT ACADEMY PROGRAMS

Finley Graves, University of Mississippi, and Eamonn Walsh, New York University, presented Academy sponsored programs in conjunction with the Annual American Accounting Association Meeting in Orlando in August, 1995. Maureen Berry, president of the Academy of Accounting Historians, reports that both programs were well attended and made a significant contribution to accounting history research.

Finley initiated, organized, and moderated "The Accounting and Modernity Conference" held on August 12, 1995, at

the University of Central Florida. Paul Goldwater, conference coordinator, provided excellent administration of the program which was dedicated to the memory of Tony Puxty, University of Strathclyde. Tony, who was involved in the planning of the conference, passed away earlier in 1995. The program explored accounting as an expression and instrument of modernity and the papers presented appealed to a broad audience.

Eamonn presented a workshop on "Accounting History As Social Science" on August 13, 1995. This workshop was attended by an enthusiastic group as part of the CPE program of the AAA annual meeting. The workshop introduced the participants to archival materials which are available and described research methods and approaches applicable to the analysis of archival data.

TSUJI AND GARNER EDIT NEW BOOK

Emeritus Professor Atsuo Tsuji, Osaka City University, and Professor Emeritus and Dean Paul Garner, University of Alabama, edited a new book entitled, "*Studies in Accounting History: Tradition and Innovation for the Twenty-First Century*," published by Greenwood Publishing Group, Inc. under the auspices of the Accounting History Association of Japan. This volume includes key essays presented at the World Congress on Accounting History held in Kyoto, Japan. Also, a broad examination of topics such as accounting and public policy, or evolution of strategic management accounting, is provided in the volume through case studies ranging from 16th Century accounting practices in Spain to the development of the certified public accountants system in contemporary China. Papers and essays by several members of the Academy are included in this volume.

A SAD NOTE

The Academy sadly notes the passing of Dr. Harvey Mann in August, 1995. Dr. Mann was a retired faculty member of the Department of Accounting and Finance, Brock University, St. Catharines, Ontario Canada.

TASK FORCE TO STUDY ACADEMY COMMUNICATIONS

President, Maureen Berry, established a task force in August, 1995, for purposes of assessing the Academy's communication with its members. The task force is chaired by Finley Graves, University of Mississippi and efforts have begun in this assessment. In addition to president Berry, other members of the task force are Barbara D. Merino, University of North Texas, Gary J. Prevtis, Case Western Reserve University, and Elliott L. Slocum, Georgia State University.

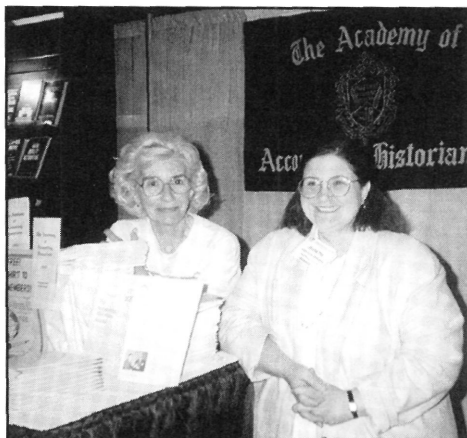
ACCOUNTING HISTORY RESEARCH CENTER

Al Roberts and Elliott Slocum, co-directors of the Accounting History Research Center (AHRC) at Georgia State University, report that the cataloging of holdings is nearing completion. Once completed, AHRC will be able to provide researchers with a listing of source materials. Recently, AHRC has received contributions of materials from the estate of James W. (Jimmy) Jones and from Professor Salvadore A. Gambino. More details concerning these materials will be provided in the next *Notebook*.

ACADEMY BOOTH AT THE ANNUAL AAA MEETING AND T-SHIRTS

Each year, the Academy provides a display booth at the annual meeting of the American Accounting Association. This past year in Orlando was no exception. Responsibility for it rests with the public

relations committee which was chaired by Jeanette Sanfilippo, Maryville University—St. Louis. Jeanette and her committee, N.M. Singhvi, Joann Noe Cross, and Hans Dykxhoorn, did an outstanding job this year in disseminating information about the Academy and its publications to those attending the AAA meeting. Additionally, Jeanette and her committee members sponsored a project to sell Pacioli T-shirts. She reports that this program has been so successful that the T-shirts have been completely sold.



Berry and Sanfilippo



A THOUGHT FROM THE PAST

"Our ignorance of history causes us to slander our own times.

—*Gustave Flaubert*
French author
(1821–1880)

AN EARLY CHALLENGE TO THE ACCOUNTANT STEREOTYPE? THE ACCOUNTANT AS HERO IN LATE VICTORIAN ROMANTIC FICTION

by
Stephen P. Walker
University of Edinburgh

Recently, increasing attention has been focused on how conventionalised images of the accountant were created (Bougen, 1994). As the recent contribution to the *Notebook* by Boys (1994) reveals, previous to the dominance of the visual media (Beard, 1994), a potentially fruitful source of evidence of stereotyped representations of accountants is the novel.

The Accountant by F.H. Mel (1894), is a rare instance of a work of romantic fiction which had as its central character an accountant. Although the novel hardly represents a milestone in its literary genre, its significance to accounting historians lies in the author's apparent intent to present the accountant as a heroic figure who, through the beneficial effects which resulted from the patient application of his professional skills, could win the heart of members of the fair sex. Behind the earnest, cold and solemn veneer of the accountant laid a deeply emotional and animated character who was capable of performing acts of bravado and altruism. The author of *The Accountant* also appears to have been motivated to offer a commentary on the status of the English accountant in the contemporary social structure. Throughout the novel, contrasts are made between a snobbish, Oxbridge-educated lawyer; an unscrupulous turf accountant (bookmaker) who was devoid of moral virtues, and a self-made, industrious public accountant.

The principal characters in *The Accountant* are:

Cosmo Greig—a London accountant in public practice

Dr. Pierrepoint—a retired medical practitioner

Hilda and Gladys Pierrepoint—the unmarried nieces of Dr. Pierrepoint

Norah Mulvaney—nurse to the Pierrepoint family

Terence Mulvaney—bookmaker and drunkard: the illegitimate son of Norah Mulvaney

Wilfred Pettifer—a solicitor in London.

The story opens at the deathbed of Dr. Pierrepoint. Greig, the acting co-executor of the doctor's estate was summoned to the Pierrepoint residence in Scotland to reveal the contents of the doctor's will. The accountant was described as a man of small stature: "the angular, sloping-shouldered figure, and the sallow, whiskerless face, told of care or study, or perhaps both; whilst the large, solemn, brown eyes promised a depth of nature beyond that of early youth." On seeing him for the first time, the late doctor's nieces considered Greig to be "a mean-looking little creature"—a typical businessman. They did not feel obligated to behave with civility towards him: "He's only an accountant! What is an accountant? A kind of inferior lawyer, I believe." Yet, despite the limitations of his outward appearance and character, the Miss Pierrepoints became increasingly aware that there was "something indefinitely attractive" about Greig.

The accountant revealed that the doctor's estate (which was bequeathed to his nieces) mainly consisted of worthless shares in two companies. Further, the shareholders were encumbered with unlimited liability and there was a distinct possibility that the nieces would be ruined by being called upon in the event of liquidation. Pettifer, the Pierrepoint's solicitor, who "treated the accountant as altogether beneath his notice,"

agreed with Greig that the shares should be transferred to Norah, the family nurse, who had no resources to lose if the companies became insolvent. However, should the shares become valuable, Norah would return them to Hilda and Gladys Pierrepont.

The accountant took more than an increasing interest in the financial position of the Pierrepont girls and fell in love with Hilda: "like many men of quiet demeanour, he carried about with him a heart susceptible of the most romantic passion." Greig proposed to Hilda, but she rejected him. Meanwhile, Gladys Pierrepont agreed to marry Pettifer, the solicitor, following his gallant rescue of her from a coaching accident.

Norah Mulvaney, the new owner of the risk-laden shares, removed to Ireland and revealed to her debauched son Terence (a bookmaker) that his true father was Dr. Pierrepont. Following this revelation Terence determined that he was the rightful owner of the shares and ensured that they were transferred to his name. As the general economic situation improved, the shares gained in value and began to yield dividends. Greig became anxious when dividends were not remitted by Norah to the Miss Pierreponts and valiantly determined to visit Ireland, confront the "wild Irishman" Mulvaney and recover the securities. Such a display of righteous courage might also impress his beloved Hilda. On his arrival in Ireland, Greig was confronted by a drunken Terence Mulvaney who:

snatched up a cudgel which had been lying beside his seat, and with a wild whoop waved it over the accountant's head. But he reckoned without his host. In that puny little body there was indomitable soul, and directly the accountant found himself in danger of a personal attack his courage rose to the occasion. With a suddenness of movement which surprised the bookmaker, he drove his fist heavily into that part of the latter's anatomy known to medical men as the epigastrium, and to profes-

sors of fistcraft as the bread-basket; and as the latter bent forward, doubled up as much by the suddenness of the blow as by its force, he struck him between the eyes with such violence as to drive his head backwards... Greig, encouraged by his success, poured down his blows like hail, until the exhilarating spectacle occurred of a big man cowering, and pleading for mercy before a little one.

In order to escape the wrath of an angry mob of Mulvaney's associates, the accountant was forced to return to London without having retrieved the shares. Greig lost any hope of winning the hand of Hilda. However, he discovered evidence concerning the parentage of the Miss Pierreponts (they were the daughters of the late doctor and were born in wedlock) which gave them a prior legal claim to the shares over Mulvaney. Having ensured that Hilda and Gladys regained their rightful, and now valuable, inheritance, the pompous solicitor Pettifer was forced to concede "that there was a good deal more common-sense in the accountant than he had given him credit for: and that in his own particular line he was by no means a disagreeable fellow."

A grateful Hilda Pierrepont turned to Greig for advice on how to apply her monies. She began to develop an emotional attachment to the accountant. Greig once more professed his love:

"Hilda!" was all that the lips said, and that in a low tone almost of pain, as if it were wring from them. The girl's reserve gave way completely at the sound. She took the small white hand between her own, and stooped, simply kissed her lover's brow.

Following his marriage to Hilda, Greig retired from his successful accountancy practice and devoted himself to "works of charity." The union was blessed with two children. It was resolved that Greig's son would not enter his father's vocation because "no more arduous and thankless occupation can be found than that of the professional

See STEREOTYPE on page 32

CALL FOR MANUSCRIPTS THE ACCOUNTING HISTORIANS JOURNAL

The Accounting Historians Journal encourages you to submit papers on subject matter related to the development of accounting thought and practice. Papers on biographical subjects and on historical method are also acceptable. Guidelines on research and a guide for submitting manuscripts may be found in *The Journal* or may be obtained from the Editors.

Manuscripts must be in English and of acceptable style and organization for clarity

of presentation. The manuscript should not exceed 7,000 words. An abstract of not more than 200 words should separately accompany the manuscript. A submission fee of \$36 (U.S.) is required of non-Academy members and \$15 of Academy members. More detailed information concerning additional requirements regarding style, content, and the submission requirements is included in the guidelines mentioned in the previous paragraph.

Submit Manuscripts to:

Barbara D. Merino
The Accounting Historians Journal
Department of Accounting
College of Business Administration
University of North Texas
Denton, Texas 76203-3677
(817) 565-3094

For information and other matters, contact:

Patti A. Mills
The Accounting Historians Journal
Department of Accounting
College of Business
Indiana State University
Terre Haute, Indiana 47809
(812) 237-2008



TAX HISTORY RESEARCH CENTER FELLOWSHIPS

The Tax History Research Center (THRC), which is sponsored by the Academy of Accounting Historians and housed at The University of Mississippi, is offering research fellowships of up to \$1,000 for individuals wishing to conduct research at the THRC. The grant can be used only for lodging at the Alumni House Motel at The University of Mississippi during the time the researcher is working at the THRC. Based on current room rates the grant would pay for about four weeks of lodging at Ole Miss. Applications should be submitted at least two months in advance of the projected visit. Applications should include a cover letter and an approximately one page proposal explaining how the resources of the THRC would be useful in the applicant's research.

Both predoctoral and postdoctoral fel-

lowships will be considered. Fellowships would be particularly suitable for those on sabbatical or summer leave.

The THRC has an extensive collection of tax services, congressional committee reports, books, journals, and other publications dating back to 1909, dealing with the federal income tax. Some state materials, primarily theoretical or policy oriented, are also available.

Fellowship applications should be sent to:

Dr. Tonya K. Flesher, Director
Tax History Research Center
School of Accountancy
The University of Mississippi
University, MS 38677

For more information call Dr. Flesher at (601) 232-5731 or (601) 234-3969.

EXPLORING INTERNATIONAL DIMENSIONS OF ACCOUNTING HISTORY AND EDUCATION

The Academy hosted its 1995 Research Conference on November 2–4, in Urbana, Illinois. The conference included a wide range of papers and a truly global representation of speakers and participants. Registration exceeded 60 members and persons interested in accounting history research, representing at least 25 colleges and universities in the U.S. and 12 colleges and universities of other countries. Representatives from fourteen countries were in attendance.

The program included the following titles, presenters, and discussants:

Plenary Session I: Pre- and Post-Pacioli Literature

Chair/Discussant

Patti A. Mills, Indiana State University

“The Suma De L Art De Arismetica”

Esteban Hernandez-Estevé, Bank of Spain

“Books Before and After Pacioli”

David A. R. Forrester, University of Strathclyde, UK

Plenary Session II: The Movement of Accounting Across Borders

Chair/Discussant

Joni J. Young, Univ. of New Mexico

“Colonialism, Closure, and Distance: An Episode from Australian Accounting History”

Wai Fong Chua and Chris Poullaos,

Univ. of New South Wales, Australia

“Exploring Irish Accounting History”

Peter J. Clarke, University College Dublin, Ireland

“Colonialism and Nationalism: An Episode in the History of Accounting in the Philippines”

Leslie S. Oakes, Univ. of New Mexico

Plenary Session III: Accounting in Transitional Economies

Chair/Discussant

Cheryl R. Lehman, Hofstra University

“Accounting Change in Central and Eastern Europe: From Romanticism to Cynicism”

Derek Bailey,
Thames Valley
Univ., UK

“Accounting As a Facilitator in the Transition from Socialism to Capitalism”

Denise M. de la Rosa
and Barbara D.

Merino, University of North Texas

Plenary Session IV: Cultural Influences on Accounting's Development: The Public Sector

Chair/Discussant

Anne Fortin, University of Quebec at Montreal

“Commercial Accounting for National Governments?—First Efforts in the United States of America”

Maureen Berry, University of Illinois

“The Roots of Operational (Value for Money) Auditing in English-Speaking Countries”

Dale L. Flesher, University of Mississippi

“Lessons for Policy Makers from the History of Consumption taxes”

Steve C. Wells,
University of Central
Florida

Tonya K. Flesher,
Univ. of Mississippi

Plenary Session V:

Research in

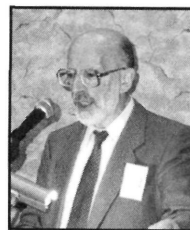
Historiography

Panel Presentation: Department of History,
Univ. of Illinois

Peter Fritzsche, Professor of History,
Specialty Areas: German Aviation and
German Right-Wing Politics Before
1933.

Donald Crummey, Professor of History,
Specialty Areas: History of Ethiopia;
Land Tenure in Ethiopia in the 19th and
20th Centuries.

Diane Koenker, Professor of History,



Bailey



Wells

Specialty Areas: History of the Soviet Union.



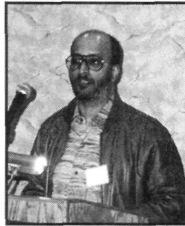
Fritzsche, Koenker, Crumme

Plenary Session VI: Cultural Influences on Accounting's Development, the Early Years

Chair/Discussant

Michael Gaffikin,
University of
Wollongong,
Australia

"Accounting History: The Missing Link" Saleh Hadi Albraili, Al-Ain, United Arab Emirates



Albraili

"Evolution of Double-Entry Bookkeeping: Filling in the Gap"

Shaari A. Hamid,
Universiti
Pertanian, Malaysia

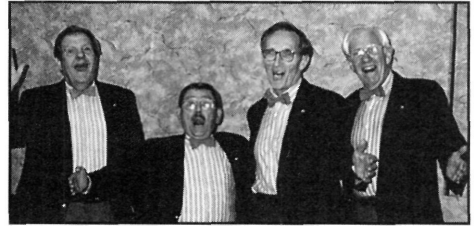
The Academy plans to place abstracts of some of the papers on its Home Page.



Hamid

The success of the 1995 Research Confer-

ence is due to the work of a number of people. Leslie Oakes, University of New Mexico, served as the program chair, and Maureen Berry, University of Illinois, served as the program administrator. Barbara Smith, Center for International Education and Research in Accounting, University of Illinois, served as secretary and carried out the many activities that this function requires. Congratulations are due to these and others who contributed to the success of the conference.



Programs of this nature require a great deal of financial support in addition to that derived from registration activities. Several Accounting firms and business organizations have provided financial support of the 1995 Research conference. The Academy is very grateful and thanks the following for their interest and involvement: Arthur Andersen & Co. SC Foundation, Deloitte & Touche LLP, General Motors Corporation, KPMG Peat Marwick Foundation and Price Waterhouse LLP.



ACCOUNTING HISTORY RESEARCH CENTER AT ALABAMA IS PROPOSED

A third Accounting History Research Center has been proposed to the Trustees of the Academy. The Center would be located at the University of Alabama in the Garner Center and focused on the areas of "policy-making and professionalization." If approved, Professor Thomas Lee would serve as its director.

The proposal notes that such a location is within reasonable driving distance from the Tax History Research Center at the University of Mississippi and the Accounting History Research Center at Georgia State University.

Additionally, it would complement the work and holdings of the current research centers. The facilities at Georgia State University are nearly at capacity. The Research Center at Alabama would emphasize accounting and auditing policy-making and professionalization of public accountability.

The proposal is currently under study by the Trustees of the Academy. Currently, discussions are continuing regarding the potential of maintaining the Academy collection in the Business School Library at the University of Alabama.

THE ACADEMY OF ACCOUNTING HISTORIANS

MINUTES OF MEETING OF OFFICERS AND KEY MEMBERS

Marriott Orlando World Center; Orlando, Florida

August 13, 1995

Present: Maureen Berry, Ashton Bishop, Ed Coffman, Doris Cook, Dale Flesher, Paul Garner, Finley Graves, Barbara Merino, Lee Parker, Gary Previts, Sarah Reed, Bill Samson, Jeanette Sanfilippo, Jenice Stewart, Mary Stone, Ross Tondkar, Dick Vangermeersch.

1. The meeting was called to order by President Maureen Berry at 4:00 p.m.
2. The minutes of the meeting of officers and key members in Dearborn, Michigan, on April 8, 1995, were approved.
3. The report of the Strategic Action Committee was given by Gary Previts, Bill Samson and Maureen Berry. This committee met at the University of Alabama with the Dean of the University of Alabama on June 17, 1995, to discuss the issue of the location of administrative headquarters of the Academy. The result of this meeting was that the Academy will now have partial use of the Garner Center at the University of Alabama. The name of the Academy will be added to the front door and on the sign outside of the building. There will be a dedication and reception at the Garner Center on November 13, 1995. The Dean of the University of Alabama is fully behind this arrangement. President Maureen Berry will ask Tom Lee to submit a written proposal to the Trustees, at some appropriate time in the future, for the possible setting up of an accounting history research center at the University of Alabama.
4. Jeanette Sanfilippo, Chair of Public Relations, gave her report. The Academy booth has been set up with the other exhibitors. The T-shirts have been printed with the Academy logo in blue, white and antique beige and are selling well.
5. Sara Reed gave the treasurer's report for the seven months ending July 31, 1995. The Conference Fund has been set up. She is investigating possibilities for bonding those who handle money for the Academy. The tentative budget for 1996 was reviewed. The Financial Advisory Committee, chaired by Ed Coffman, will review the budget and present it at the November 4 meeting for approval.
6. Doris Cook presented the secretary's report showing current membership. Another letter from President Maureen Berry will be mailed to those from 1994 who have not renewed their membership for 1995.
7. Gary Previts nominated Al Roberts for life membership. The nomination was approved unanimously.
8. Maureen Berry presented a preliminary program for the 1995 Conference on November 3-4 in Urbana, Illinois. This program, which includes a registration form, will be distributed at the Orlando meeting and will be mailed to members.
9. Doris Cook distributed the Call for Papers for the 1996 Conference to be held on December 5-7, 1996, in Cleveland, Ohio. The theme for this Conference is "The Centennial Anniversary of the First CPA Examination: A Century of Professional Progress." Preliminary plans for the Conference were discussed. The Call for Papers will be distributed at the Orlando Meeting, at the November Conference, and will be

- mailed to members.
10. Barbara Merino reported on the status of the Journal. The Fall 1994 issue has been delayed because of the change in editors but will be mailed soon. The Spring 1995 issue is also about ready to be mailed. She is investigating ways to reduce the cost and speed up publication.
 11. Jenice Stewart reported on the activities of the Education Committee. The curricula subcommittee is in the process of developing a potpourri of historical accounting lectures on video to be disseminated to Academy members. The education subcommittee is working with Robert Pomeroy to develop an accounting time line to be used to recruit high school students and undergraduates into accounting majors.
 12. Finley Graves reported on projects being considered for new monographs. He still has copies of Monograph #6. Barbara Merino has a few copies of Monographs #1-5. Monograph #7 and all subsequent monographs will be sold by Garland Publishing Co.
 13. Lee Parker reported that the Overseas Outreach Committee has prepared a mission statement, objectives, strategies, and first action plans. A promising list of ideas has been accumulated.
 14. Ashton Bishop, Chair of Nominations Committee, presented the following list of nominations for officers and trustees for 1996 to be voted on at the annual meeting November 4, 1995:
President:Doris Cook
President Elect:Ross Tondkar
1st Vice President:Elliott Slocum
2nd Vice President:Tom Lee
Secretary:Bill Samson
Treasurer:Sara Reed
Trustees for the three-year period 1996-1998
Maureen Berry
Eugene Flegm
Hiroshi Okano
 15. President Maureen Berry noted that the August 12 conference on "Accounting and Modernity," chaired by Finley Graves, was excellent.
 16. Gary Previts reminded members of the World Congress at Queens University in Canada in August 1996.
 17. The meeting was adjourned at 6:00 p.m.

**ACADEMY OF ACCOUNTING HISTORIANS
MINUTES OF OFFICERS AND TRUSTEES MEETING
Jumer's Castle, Urbana, Illinois, November 4, 1995**

Present: Maureen Berry, Ashton Bishop, Ed Coffman, Doris Cook, Esteban Hernandez-Esteve, Dale Flesher, Tom Lee, Barbara Merino, Patti Mills, Gary Previts, Sarah Reed, Bill Samson, Jeanette Sanfilippo, Kathleen Sinning, Elliott Slocum, Donna Street, Ross Tondkar, Dick Vangermeersch.

1. The meeting was called to order by President Maureen Berry at 3:00 pm.
2. Doris Cook distributed the minutes of the Orlando meeting which were approved.
3. Sarah Reed presented the proposed budget for 1996. After some discussion, the budget was approved as amended.
4. Ed Coffman, Chairman of the Financial Advisory Committee, moved that Bill Samson (1996 Secretary) and Sarah Reed (1996 Treasurer) be approved as the authorized signers for withdrawals from the Academy bank accounts. Passed unanimously.
5. Dick Vangermeersch reported that Tom Lee will be on the program on Friday, April 19, at the AAA Northeast regional meeting in New York City and that he will be on the program on Saturday, April 20. The meeting of trustees and officers will be Saturday afternoon.

6. Barbara Merino distributed a report of the contents of the Vol. 22, #1 issue of the *Journal*, which will be mailed in November.
7. Dale Flesher gave a report from Finley Graves that he has three possibilities for new monographs.
8. Elliott Slocum reported that the Accounting Research Center at Georgia State is now computerized. He presented a total list of books and other items available.
9. Tom Lee presented a proposal for another Accounting Research Center to be at the University of Alabama in Tuscaloosa. This proposal will be given to the Strategic Action Committee for further study and consideration.
10. Esteban Hernandez-Esteve reported preliminary plans for the Eighth World Congress of Accounting Historians to be held in Madrid, Spain in July, 2000.
11. Maureen Berry reported that Terry Sheldahl has been preparing a service file on Academy members as part of his responsibilities as Archivist.
12. Jenice Stewart, Chairman of the Education Committee, sent her written report that the time line prepared by Robert Pomeroy has been completed.
13. Gene Flegm sent his written report that fund-raising is continuing at a slower rate.
14. Jeanette Sanfillippo reported that T-shirt sales were a success. She was thanked for her excellent Public Relations activities and encouraged to continue with her plans.
15. Lee Parker sent a written report that plans were in progress for the Overseas Outreach Committee.
16. Kathleen Sinning reported that plans were in progress for several history sessions at regional meetings.
17. Bill Samson noted that the dedication of the Garner Center at the University of Alabama for use by the Academy as an Administrative Center will be on November 13. Gary Previts will be the speaker.
18. Donna Street presented a proposed announcement for the 1996 manuscript award. Donna and Richard Edwards will be co-chairs of the committee. The proposal was approved with minor editorial changes. This announcement will be mailed to the membership in November. The winners of the award for 1996 will be announced at the annual business meeting, December 7, 1996. However, the winner of the award for 1997 and future years will be announced at the annual reception held in conjunction with the AAA annual meeting. Donna was thanked for her excellent help on this committee.
19. Maureen Berry reported on the results of the survey letter which she mailed to the members asking questions about Academy activities. These will be reviewed for future action.
20. Gene Flegm was elected as the Chair of the Trustees for another three year term.
21. Meeting adjourned at 5:30 p.m.

**THE ACADEMY OF ACCOUNTING HISTORIANS
MEMBERSHIP REPORT AS OF NOVEMBER 1, 1995**

		U.S.	NON-U.S.	TOTALS
MEMBERS				
Individual:	Life	5	4	9
	Student	48	16	64
	Regular	280	126	406
Individuals (Total)		333	146	479
Institutional Affiliates		232	172	404
TOTALS		565	318	883

THE ACADEMY OF ACCOUNTING HISTORIANS

MINUTES OF ANNUAL BUSINESS MEETING

Jumer's Castle, Urbana, Illinois

November 4, 1995

Present: About 30 members

1. The meeting was called to order by President Maureen Berry at 2 p.m.
2. Doris Cook gave the secretary's interim report on membership as of November 1, 1995.
3. Doris Cook gave a brief report on plans for the 1996 Research conference to be held December 5-7 in Cleveland, Ohio. Marilyn Collins reported that 75 rooms have been reserved in the Cleveland Marriott Society Center for the conference. Information about room reservations will be mailed to members early in 1996. Kathleen Sinning encouraged members to submit their papers on the theme "The Centennial Anniversary of the First CPA Examination." The announcement has already been mailed to members. Abstracts will be reproduced with permission from the authors. Tom Lee noted that one session will be devoted to historical research by doctoral students. This announcement will be mailed to members as soon as it is finalized.
4. Sarah Reed gave the treasurer's interim report.
5. Richard Vangermeersch reported on preliminary plans for the Spring meeting to be held in New York City on April 20. The officers and trustees business meeting will be on Saturday afternoon, following the AAA Northeast regional meeting which is co-sponsored by the New York Society of CPAs. They plan to have some accounting history sessions and other activities at the meeting in celebration of the CPA exam anniversary.
6. Barbara Merino reported on the *Journal*. The Volume 22, #1 issue should be mailed in November and the

Volume 22, #2 issue should be mailed in January 1996. They plan to start a new section on Letters to the Editor. These letters should be sent to Patti Mills, the co-editor.

7. Elliott Slocum reported on the Notebook. The next issue should be ready to mail by December or early January.
8. Ross Tondkar announced that plans are in progress for the 1997 Research Conference to be held in Richmond, Virginia in December 1997.
9. Maureen Berry expressed her thanks to everyone for their support during her term as President. Ashton Bishop then presented her with a plaque to thank her for her services as President.



Ashton Bishop and Maureen Berry

10. Ashton Bishop read the Nominating Committee's nominations for 1997 officers and new trustees: President, Doris Cook; President Elect, Ross Tondkar; 1st Vice President, Elliott Slocum; 2nd Vice President, Tom Lee; Treasurer, Sara Reed; Secretary, Bill Samson; New Trustees (3 year term), Maureen Berry, Eugene Flegm, Hiroshi Okano. These officers and trustees were elected by unanimous vote.
11. The meeting adjourned at 2:45 p.m.

ACCOUNTING HISTORY ANNOUNCEMENT—CALL FOR PAPERS

Accounting History is the official bi-annual publication of the Accounting History Special Interest Group of the Accounting Association of Australia and New Zealand.

Accounting History aims to publish quality historical papers which are not only concerned with exploring the origins and development of accounting bodies, conventions, practices, reports and rules, but which also endeavor to identify and evaluate the local, time-specific environmental factors which impacted upon accounting and contributed to accounting change. It is intended that *Accounting History* will take its place with *The Accounting Historians Journal* and *Accounting, Business and Financial History* as major outlets for the publication of quality accounting history research.

An Editorial Board of leading international accounting history scholars provides input to *Accounting History*. members of the Editorial Board are:

Richard P. Brief	New York University
John R. Edwards.	Cardiff Business School
Richard K. Fleischman	John Carroll University
Tonya K. Flesher.	University of Mississippi
Michael J.R. Gaffikin	University of Wollongong
Keith C. Hooper.	University of Waikato
Anne Loft	Copenhagen Business School
Cheryl S. McWatters	McGill University
Christopher J. Napier	London School of Economics and Political Science
Marc Nikitin	Universite de Tours
Hiroshi Okano	Osaka City University
Lee D. Parker	Flinders University of South Australia
Robert H. Parker	University of Exeter
Christopher Poullaos	University of New South Wales
Gary J. Previts	Case Western University
Michael E. Scorgie	La Trobe University
Thomas Tyson	St. John Fisher College
Stephen P. Walker.	University of Edinburgh
Murray C. Wells.	University of Sydney
Peter W. Wolnizer	Deakin University

Papers of the genre described above are now called for and should be submitted to:

Professor Garry Carnegie
Editor, Accounting History
School of Accounting and Finance
Deakin University, Geelong Victoria 3217 AUSTRALIA
TELEPHONE: +61 52 272733
FAX: +61 52 272264
EMAIL: carnegie@deakin.edu.au

EDWARD STAMP: THE AUSTRALIAN CONNECTION

by

Robert Gibson

Deakin University (Retired)

There could be little dispute about the fact that the late Edward Stamp was inextricably involved with events surrounding the formation of the Accounting Standards Board as it came to be called in the United Kingdom. However, the power of his influence and the background driving his activities are matters of contention. This note suggests that commentators, while focusing on the United Kingdom, may have overlooked an important factor in the Australian connection.

J.R. Edwards, in a paper initially prepared for the Festival of Accounting 1994 in Edinburgh, endeavored to survey "Financial Accounting Practice 1600–1970." Edwards refers to Stamp's interview by an editorial writer for the financial section of *The Times*. Edwards asserts correctly that the accountancy profession was shaken by Stamp's criticisms published in *The Times*, September 11, 1969. In Stamp's own words, he had reckoned without the peculiar and penetrating impact of *The Times* on the British Establishment¹.

Edwards implies that an academic article written by Stamp, critical of accounting and the accounting profession, was a starting point, but does not precisely identify the article. It is possible to suggest an earlier starting point in Australia in 1965, but first it is necessary to provide a brief historical note.

In 1961, the Australian economy had experienced a downward cycle. Unemployment reached a level unknown since the Great Depression. The Commonwealth government survived an election with a majority of one. Ironically, that majority was secured by preference votes from a Communist can-

didate to ensure the election of (now Sir) James Killen, a member of the ruling Liberal Party, which is the principal alternative to the trade union based Labour Party.

Financial events led to a number of significant corporate collapses. Subsequently, inspectors were appointed by the regulatory authorities to inquire into these financial events. The resulting reports were highly critical of accounting matters and considered accounting practices pertinent to the collapses. The regulatory reports were regarded as sufficiently damaging such that the larger of the two professional groups covering the accounting profession produced a report which canvassed the issues and sought to create an awareness among its members of a need for change. This publication was still nearly a year away at the time of the events involving Edward Stamp.

The reports of the inspectors were public documents protected from defamation action by virtue of being tabled in the Parliament. On the other hand, local academics were constrained from any detailed discussion of the issues because prosecutions were in progress and any comment involved a high risk of facing contempt of court proceedings. The Australian legal system takes a very serious view of such issues. An overseas visitor might reasonably be less concerned about these risks. It would be possible to have left the country before the authorities could become aware of alleged contempt and do anything about it.

Edward Stamp was a senior lecturer at Victoria University of Wellington in New Zealand, when he travelled to Melbourne in 1965 to attend the meeting of the Australian Association of University Teachers of Accounting (AAUTA) now the Accounting

See STAMP on page 30

¹Stamp, 1981, p. 234

HISTORY IN PRINT

This section seeks to identify publication of books and articles on topics in accounting history which are not published by the Academy of Accounting Historians. Knowledge of this historical research should be useful to the members of the Academy. The editor appreciates your help in locating these items:

Hiroshi, Okano, "Archaeology and Genealogy: The Significance of M. Foucault in the Studies of Accounting and Accounting History," *Osaka City University, Business Review*, n6, (1995), pp.1-9.

Atsuo Tsuji and Paul Garner, Editors, *Studies in Accounting History: Tradition and Innovation for the Twenty-First Century*

(Westport, CT: Greenwood Publishing Group, Inc., 1995).

Year Book of Accounting History Association, Accounting History Association, Osaka, Japan, 1994, (Selected Items):

Akiko Fujita, "Materialistische Theory in France: A Study of the Positive Theory of Dumarchey."

Hideo Hisano, "After PACIOLI—DOUBLE ENTRY BOOKKEEPING: What it was—."

Katsumi Isutani, "The Practice of Capital Account—The Pathway to 'Summa.'"

Takemi Ono, "The Introduction of Consolidated Financial Statements and Firms' Accounting Policy for Consolidation in Japan."



THE SEIDMANS OF SEIDMAN & SEIDMAN

by

Richard Vangermeersch
University of Rhode Island

Philip K. Seidman (P.K.), at 88, is the last of the four Seidman brothers who founded the firm Seidman & Seidman (now BDO Seidman—the seventh largest accounting firm in the world). P.K. is still practicing as an attorney in Memphis, and we had the opportunity to meet there on June 16, 1995 to discuss the founders and the founding of the firm. To prepare for this interview, I studied (1) *75 Years of Total Involvement: A History of Seidman & Seidman*, (2) *A Time for Building: The Third Migration, 1880-1920* in the series *The Jewish People in America*, and (3) the *Accountants' Index* from 1920.

P.K. is the last of the second family of Louis Seidman, who had six children in Russia by his first wife and eight more after his first wife died, with his second wife, Fanny Goldfarb. Of these eight, five were born in Russia and three in the U.S., after

their arrival in 1899. All of the children of the first family ultimately came to the U.S. Louis and Fanny Seidman left the city of Kamenez-Podolsk in the "Pale of Settlement," in which Jewish people were compelled to live in Russia. The programs and the strict economic limitations placed on Jewish people were "push" factors for emigration; the "pull" factor of the golden shores of the U.S. was also a factor. P.K. said his oldest half-brother, Israel (born 1873), had preceded the second family to the U.S.

Louis Seidman had lost a leg and, hence, was unable to do the hard, physical labor expected from immigrants. Louis had been an instructor at a Hebrew Academy and was a noted discussant of the Talmud. "There seemed always to be a group of people around him to listen and discuss different issues," P.K. remembered. While his father

was a strict "Prussian" as far as discipline was concerned, P.K. considered his mother, Fanny, a warm and calming influence for the family.

The firm of Seidman & Seidman was founded in New York City in 1910 by Maximilian L. Seidman (M.L.) (born 1811). M.L. represented the Horatio Alger story come true. M.L. attended high school at night while working during the day at many different jobs in the garment industry. After graduating from high school, he attended Cooper Union at night to study architecture. Cooper Union was founded in 1859 by Peter Cooper as a free night school for the working class. However, M.L.'s success in a bookkeeping job (he had taken a bookkeeping course at night school) led him in 1906 to study accounting at New York University's School of Commerce at night. In 1910, two years before his graduation from N.Y.U., he opened the firm Seidman & Seidman with some clients in the fur industry from his father's contacts in that industry. M.L. was forward looking in assuming others in the Seidman family would follow him in the firm. M.L. retained his interest in the fur and garment industries and was well positioned for the 1913 enactment of the federal income tax. He became a CPA in 1914. M.L. had tax columns in both the *New York Times* and the *New York Herald*, for which he contributed his expertise to establish a strong relationship with the press. M.L.'s son, Richard, worked as a firm administrator and M.L.'s daughter, Grace, became a secretary with the firm after graduating from college. She later married Bob Spencer, who became a partner with the firm.

In 1913, Lewis (born 1893) joined the firm as a practice developer. Lewis, unfortunately, died in 1921 in an automobile accident. In 1919, Frank E. Seidman (F.E.) (born 1890) opened the Grand Rapids branch of the firm. Like M.L. he attended high school, Cooper Union (as an engineering student), and N.Y.U. (earning a B.C.S. degree in 1913), all at night. He also earned in 1917 a Master of Commercial Science degree at

night at N.Y.U. with expertise in both accounting and economics and became a CPA also in 1917. F.E. had a strong training and work experience in economics and banking. He was an economist for the prestigious firm of Eastman-Dillon from 1915 through 1917. F.E. had been with the rate-making staff of the New York Public Service Commission in 1914. He went to Grand Rapids in 1917 as a civilian employee with the Federal Aircraft Production Board to work on the feasibility of the mass production of airplanes from wood and canvas. His work so impressed the furniture manufacturers in Grand Rapids that they urged him to stay and practice there. F.E. developed a strong expertise in cost accounting as well. P.K. remembered him as an ebullient man. F.E.'s son, L. William (Bill) Seidman, became the managing partner of Seidman & Seidman before leaving the firm in 1973 to join the management team of President Gerald Ford. Bill Seidman's accomplishments since then are part of public record.

In 1918, Jacob S. Seidman (J.S.) (born 1901) joined the firm. Like M.L. and F.E. he attended N.Y.U. at night and received his B.C.S. in 1921. He became a CPA in 1922. He went on to earn an LL.B. in 1924 and an LM.M. in 1925 from Fordham and then a B.S. degree from N.Y.U. in 1929. Altogether, he attended night school for eleven years, J.S. achieved so much in his career that he truly is deserving of a place in the Accounting Hall of Fame. J.S. was an expert on fraud, the author of the four-volume pioneer study on the *Legislative History of the Income Tax Laws*, president of the New York State Society of CPAs in 1955, and the president of the AICPA in 1959. Like M.L., he wrote a tax column. He also served as an accounting consultant to the Hoover Commission. J.S. was a noted "Broadway Angel" as he sponsored many Broadway plays and musicals. J.S. also was an early internationalist in accounting and had noted war service during World War II.

P.K. Seidman (born 1907) started to work in the firm as an unpaid office boy from

1919 through 1926. He received an accounting degree from Columbia in 1928, studying with R.H. Montgomery and Roy Kester. P.K. received his law degree in 1936 from the Memphis Law School (now the University of Memphis). He worked with F.E. in Grand Rapids before opening the Memphis office in 1933. P.K. was sent there to complement the expertise the firm had in the lumber and furniture industries. Memphis was the "hardwood center" of the country and there was a need for developing good statistics for the accounting code for the industry under the National Recovery Administration.

P.K. made the point that while all the brothers were different and their own men, they tried to complement each other. For instance, P.K. became president of the Association of Certified Public Accountant Examiners in 1959, when J.S. was president of the AICPA. P.K. founded and taught at the Memphis College in Accounting in 1946, which later became a part of the University of Memphis. He has memorialized his brother M.L. with the M.L. Seidman Town Hall Lecture Series, starting in 1967, at Rhodes College in Memphis. He did the same with the Frank E. Seidman Distinguished Award in Political Economy, starting in 1974 with Gunnar Karl Myrdal. This award is also administered by Rhodes College.

The story of the Seidmans does not stop here. The son of Lizzie (born 1876 and daughter of Louis and his first wife), Henry Rosen, was a marketing expert for the firm in New York and his sister, Grace, worked in the mailing room of the firm. The son of Samuel (born 1877), Larry J. Seidman, joined the firm in 1928 and stayed to be a senior partner. His daughter, Edis Beth Seidman-Smetama, is also a CPA. The son of Minnie (born 1882), Abraham Weinbaum, started with the firm, became a CPA, and then formed his own firm. Sally (born 1895) was the head of the comptometer section of the firm. Her husband, Jim Lasser, was the managing partner of the Jamestown, New

York office. Their son, Miles, also was the managing partner at Jamestown and the author of the book on the firm. Etta (born 1899) became a financial executive in both the building and meat packing industries, after a brief experience in teaching and before her marriage. Henry R. (born 1905) also studied accounting at N.Y.U. and was briefly an administrator with the firm before becoming a stockbroker. He has just celebrated his 90th birthday in Florida with P.K.

In these days of generally-felt declining family values, the Seidman story is a reminder of the importance of the family. J.S. is an accountant truly deserving of an extended study as a dissertation and of a nomination to the Accounting Hall of Fame. There is probably a need to catalog the "tax talk" articles for subsequent research. Miles Lasser's book, *75 Years of Total Involvement: A History of Seidman & Seidman*, deserves a wider academic circulation. As I have discovered in a previous work on Lena Mendelsohn, there is a need for some notation of the success of American Jewish people in accounting. There apparently is no such telling of the accounting heritages of Jewish people like: Abraham Briloff; David Himmelblau; Joseph J. Klein; J.K. Lasser; Lewis J. Laventhol; S.D. Leidesdorf; Simon Loeb; Max Rolniz; and Morris C. Troper.



**WANTED
MANUSCRIPTS AND ITEMS OF
INTEREST**

Anyone wishing to submit short article manuscripts, notes, cartoons, shaggy dog stories, letters to the editor, or other items to THE ACCOUNTING HISTORIANS NOTEBOOK should send the material for consideration to the editor, Elliott L. Slocum, School of Accountancy, Georgia State University, University Plaza, Atlanta, GA 30303.

COMMITTEES FOR 1996

THE ACADEMY OF ACCOUNTING HISTORIANS

President (1996), Doris M. Cook, University of Arkansas, has established the following committees for 1996. She has noted that committee membership may be added to in the future. If you have an interest in participating in any of the committees listed below, please contact Dr. Cook. All members are encouraged to be involved in the operations.

ARCHIVIST

Charge: Conduct special assignments as may be required by key persons, assist directors of the Research Centers by conducting special investigations or other services at their request.

Terry Sheldahl, Chair—Savannah,
Georgia

EDUCATION COMMITTEE

Charge: Assemble and disseminate materials that foster the integration of history into accounting curricula.

Jenice P. Stewart, Chair—University of
Missouri—Columbia

Robert Bloom—John Carroll University

Carl Brewer—Sam Houston State Univ.

James Guthrie—Macquarie University

Roxanne T. Johnson—Univ. of Scranton

H. Elliott Lipschultz—Lipschultz and
Company

Cheryl McWatters—McGill University

Fred Neumann—University of Illinois

John Ribezzo—Community College of
Rhode Island

ENDOWMENT COMMITTEE

Charge: Assist the Academy in raising funds for its scholarly and research activities, as well as special projects.

Eugene Flegm, Chair—General Motors
Corporation (Retired)

Richard G. Vangermeersch—University
of Rhode Island

FINANCIAL ADVISORY COMMITTEE

Charge: Provide counsel and advice to the Academy's Treasurer and to the Board concerning the Academy's financial management.

Edward N. Coffman, Chair—Virginia
Commonwealth University

Rasoul H. Tondkar—Virginia
Commonwealth University

Richard G. Vangermeersch—University
of Rhode Island

HOTEL ARRANGEMENTS COMMITTEE, 1996 CONFERENCE

Charge: Select hotel facilities, arrange for a block of rooms, arrange for meals, entertainment and other hotel requirements for the conference.

Marilynn Collins, Chair—John Carroll
University

Richard Fleischman—John Carroll
University

MEMBERSHIP COMMITTEE

Charge: Enlist new individuals and institutional members for the Academy by contacting academics and practitioners.

Jean Harris, Chair—Penn State
Harrisburg

Victoria Beard—Univ. of North Dakota

Bruce M. Bradford—Fairfield University

Ken Brown—Southwest Missouri State
University

Barbara Parrish—Colorado State Univ.

Giuseppe Galassi—University of Parma

Charles Leflar—University of Arkansas

Luella Moore—Arkansas State Univ.

NOMINATIONS COMMITTEE

Charge: To identify and nominate potential candidates for key positions.

Maureen Berry, Chair—Univ. of Illinois
Ashton Bishop—James Madison Univ.
Thomas J. Burns—Ohio State University
Tonya Flesher—Univ. of Mississippi
Gary John Previts—Case Western
Reserve University

OVERSEAS OUTREACH COMMITTEE

Charge: To research ways in which the Academy could expand its services to overseas members and increase their involvement in Academy activities.

Garry Carnegie, Co-Chair—Deakin
University, Australia
Lee Parker, Co-Chair—Flinders
University—S. Australia
Jeremy Cripps—Heidelberg College
Tom A. Lee—University of Alabama
Anne Loft—Copenhagen Business School
Trini Melcher—California State
University—San Marcos
Hiroshi Okano—Osaka City University
Hanns-Martin W. Schoenfeld—
University of Illinois
Adrienne Slaymaker—Univ. of Windsor
Donna Street—James Madison University
Robert Williams—Univ. of Wallongong

PUBLIC RELATIONS COMMITTEE

Charge: Enhance awareness of the Academy and its activities and enlist assistance of key persons at AAA national and regional meetings in distributing information and other projects.

Jeanette Sanfilippo, Chair—Maryville
University—St. Louis
Joann Noe Cross—University of
Wisconsin—Oshkosh
Hans J. Dykxhoorn—Western Michigan
University
N. M. Singhvi—Indian Accounting
Association
Loren Wenzel—Mankato State Univ.

PROGRAM COMMITTEE, 1996 CONFERENCE

Charge: Prepare call for papers, read and evaluate papers, and arrange paper sessions for conference.

Kathleen E. Sinning, Chair—Western
Michigan University
Thomas J. Burns—Ohio State Univ.
Richard Fleischman—John Carroll
University
Julia Grant—Case Western Reserve
University
Margaret Hoskins—Henderson State
University
Hans Johnson—Arkansas Tech
University
Robert Jordan—University of
Wisconsin—Superior
Val Mulcahy—Chemical Securities, Inc.
Philip H. Siegel—Monmouth
University
Thomas N. Tyson—St. John Fisher Coll.

REGIONAL PROGRAMS AND CONTINUING EDUCATION COMMITTEE

Charge: To serve as liaison with other organizations with an interest in accounting history, such as regional AAA meetings; also develop and coordinate continuing education programs in conjunction with other meetings.

Gyan Chandra, Chair—Miami Univ.
Richard Fleischman—John Carroll
University
Frank Gersich—Gustavus Adolphus
College
Mary Harston—St. Mary's University
Hans V. Johnson—Arkansas Tech Univ.
William Kelting—State University of
New York
LuAnn Bean Mangold—Pittsburgh
State University
Richard G. Vangermeersch, (Liaison for
NE)—University of Rhode Island
Suzanne Pinac Ward—University of
Southwestern Louisiana

RESEARCH COMMITTEE

Charge: Encourage accounting history research, identify possible topics, identify sources of funding, and evaluate proposed research projects.

Paul Shoemaker, Co-Chair—University of Nebraska

Paul Miranti, Co-Chair—Rutgers University

Jeffrey J. Archambault—St. Mary's University

David Cooper—University of Alberta

Doa-Yang Guo—Central-South University of Finance

STRATEGIC ACTION COMMITTEE

Charge: Consider the Academy's strategies concerning the long-term physical locations of its administrative and research facilities: study and evaluate alternatives.

Ashton Bishop, Chair—James Madison University

Edward N. Coffman—Virginia Commonwealth University

Dale L. Flesher—Univ. of Mississippi

S. Paul Garner—University of Alabama

Gary John Previats—Case Western Reserve University

Tom A. Lee—University of Alabama

Elliott L. Slocum—Georgia State University

Rasoul Tondkar—Virginia

Commonwealth University

RICHARD G. VANGERMEERSCH MANUSCRIPT AWARD COMMITTEE

Charge: To prepare announcement for the award, encourage submissions of manuscripts and select the outstanding manuscript for 1996 using established guidelines.

J. Richard Edwards, Co-Chair—Cardiff Business—UWCC Wales

Donna L. Street, Co-Chair—James Madison University

Gary Carnegie—Deakin University

Barbara D. Merino—University of North Texas

Patti A. Mills—Indiana State University

Doris M. Cook—University of Arkansas

Maya Stone—University of Alabama



MONOGRAPHS AVAILABLE

The Academy of Accounting Historians announces the publication of Monograph No. 7 of its Monograph Series, Wolodymyr Moryka's *Bibliography of Russian Language Publications on Accounting 1736-1917, Vol. 1 (1736-1900) and Vol. 2 (1901-1917)*. There is a critical introduction contained in each volume which indexes works on accounting published in Tsarist Russia chronologically, thematically, and by author. The set also contains a glossary and list of sources of main listings. The monograph is published by Garland Publishing and priced at \$132.00.

The Academy also has copies of Monograph No. 6, published in 1991 to honor Dr. Paul Garner. The monograph, entitled, *The Costing Heritage: Studies in Honor of S. Paul Garner*, is edited by O. Finley Graves of The University of Mississippi. The monograph is priced at \$15 for individual members and \$20 for institutional affiliates. Orders and inquiries for Monograph No. 6 should be made to: Doris M. Cook, The Academy of Accounting Historians, Department of Accounting, University of Arkansas, Fayetteville, Arkansas, 72701, USA.

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Association of Australia and New Zealand (AAANZ). Stamp was appointed Professor at Victoria University shortly afterwards in 1965.

It is worth noting that this was only the third gathering of AAUTA. There were ten papers presented and perhaps forty persons attended. The meeting was deliberately kept small to facilitate exchange of ideas. Goldberg says that it was agreed to hold the next conference in Brisbane. The following year, the President recalled that conference locations should not depend "solely on the wishes of those present and the universities represented at the annual meeting."² What he does not record indicates the informality of the AAUTA organization. The decision to hold the next conference in Brisbane was made without consulting the staff at the University of Queensland and with the knowledge that the Head of Department, Reg Gynther, was planning to be overseas. It is not surprising that this incident remains so clearly in the writer's memory of the Melbourne conference.

At the conference, Edward Stamp presented a paper, "Reid Murray: Challenge and Response," in which he critically blamed the academics present for what he perceived to be the deficiencies of the accounting profession. He proved his allegations by revealing the reports of inspectors who have looked into the failure of companies, including Reid Murray.

A number of those present were deeply offended. In particular, A.A. (Peter) Forster from the University of New South Wales, who overnight wrote a rejoinder for which he sought an opportunity to put before the conference. Professor E. Bryan Smyth, the President, had a difficult task as peacemaker.

Stamp had made a preliminary skirmish in Melbourne by discussing issues most of the locals felt legally constrained to avoid. Stamp then published an account of Reid Murray in *The Accountant's Journal* of May

²Goldberg, p. 122

1964. All of this was more than five years before the celebrated report in *The Times*.

The present author, a fourth generation Australian, believes it is consistent with the sardonic nature of traditional Australian humour to take credit for the faults of Australian accountants as being the catalyst which may well have started Edward Stamp on his crusade against the deficiencies of accounting practice in the United Kingdom.

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ENCOURAGE
DOCTORAL STUDENTS TO
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\$7.50 PER YEAR

HISTORIES continued from page 8

Andersen, replacing them with Price Waterhouse (Spacek, 1985, pp. 60-63).

- T7. There are at least three important points here: First, this might be viewed as a blatant example of the problem currently referred to as "opinion shopping," where a firm considers changing auditors to obtain a preferred treatment of a particular accounting issue. Second, the fact that at the time the equity method was not considered to be "GAAP," but now is an accepted practice, emphasizes how accounting standards change over time. Third, this illustrates that a CPA firm can lose an important client due to a disagreement over accounting principles without ultimately harming its practice. Indeed, in this case, it appears that the favorable publicity obtained by opposing a client's view on an accounting principle may have enhanced the auditor's reputation for independence.
- Q8. When a partner or other employee of a CPA firm leaves his or her firm, important clients often follow. What is the most dramatic example of this?
- A8. In 1947, George D. Bailey, an employee of Ernst & Ernst for 35 years and managing partner of its Detroit office for 25 years, left Ernst to begin his own practice. Several important clients, including Chrysler Corporation, followed him. These clients became an important nucleus of what later in 1947 became the "Big Eight" firm of Touche Ross (first known as Touche Ross, Bailey, and Smart) and since its 1989 merger, the "Big Six" firm Deloitte and Touche (Swanson, 1972, pp. 9-10, 14).
- T8. Several teaching points might be made here. The "official" history of Touche Ross hints at dissension in Ernst & Ernst prior to Bailey's departure, suggesting that even in large CPA firms, personality differences can have important consequences. In addition, the defection of many important clients indicates that clients may be as interested in the exper-

tise or reputation of the accountants they deal with as with the expertise or reputation of their accounting firm as an entity.

The accounting firm histories discussed in this article and cited in the references include much more useful material to teachers of accounting. For example, there is considerable historical information on the contrasting methods by which these firms expanded, the development of accounting standards, and how the general political and economic climate affected the development of the profession at various times. There are also shortcomings to this material which should be recognized. For example, only two of these official histories (DeMond, 1951, and Swanson 1972) discuss the legal liability problems of the profession and both tend to do so in a way that presents their firms in a positive light. As might be expected from official histories of any organizations, public or private, positive developments are emphasized and negative aspects are downplayed (but not completely ignored). Despite some shortcomings, using these sources can both encourage students to become more interested in accounting history and also enable professors to enrich the traditional teaching of accounting with an historical perspective.

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STEREOTYPE continued from page 14
accountant." The happiness and domestic contentment earned by the accountant was contrasted with the wretched condition which befell the turf accountant, Mulvaney, who resorted to gambling and alcohol and died in a ditch. The arrogant solicitor, Pettifer, led an unsuccessful career and had a childless marriage.

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HISTORY continued from page 3
"Lessons From the Past for the Value-Added Tax,"

Tonya K. Flesher
University of Mississippi
Steve C. Wells
University of Central Florida



Past presidents, Bishop, Berry, Previts, Merino, Flesher, Vangermensch, and Coffman, take time out during the annual business meeting on November 4, 1995, at Jumer's Castle in Urbana to remember when!