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Profiles

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PROFILES

EDWARD P. MOXEY, JR.

By Adolph Matz
The Wharton School, University of Pennsylvania (Emeritus)

Edward P. Moxey, Jr., was the first Chairman of the Accounting Department of the Wharton School. He was one of the thirty-seven accountants who met in Buffalo, New York, in October, 1919 to organize the National Association of Cost Accountants (NACA), now known as the National Association of Accountants (NAA). For the first three years of its existence he served on the National Board of Directors. He was also the prime influence in the founding of the Philadelphia Chapter of the NACA in 1920 and served as its president from 1928-1930. During the years 1929-1931 he served as chairman of the Philadelphia Chapter of the Pennsylvania Institute of Certified Public Accountants. Other memberships included the American Society of Certified Public Accountants as well as the National Panel of Arbitrators of the American Arbitration Association. As an enthusiastic golfer Dr. Moxey was a life-long member of the Cedarbrook Country Club. He was a Presbyterian and frequently taught the Men's Bible Class at the Mount Airy Presbyterian Church of Philadelphia.

Professor Moxey was born in Philadelphia on October 2, 1881, interestingly enough in the same year in which Joseph H. Wharton, Philadelphia businessman and ironmaker, made his first gift to the University of Pennsylvania, laying the foundation for the Accounting Department of the Wharton School. Joseph H. Wharton's agreement with the University contained the statement that "one Professor or Instructor of Accounting or Bookkeeping, to teach the simplest and most practical forms of bookkeeping for housekeepers, for private individuals, for commercial and banking firms, for manufacturing establishments, and for banks; also the modes of keeping accounts by executors, trustees, and assignees, by the officials of towns and cities, as well as by the several departments of a State or National Government; also the routine of business between a bank and a customer." Mr. Wharton's concern for good accounting would be stressed in every subsequent gift made to the University. At one time he emphasized "the necessity of system and accuracy in accounts, of thoroughness in whatever is undertaken, and of strict

fidelity in trusts." And he demanded that "the science of accounting and the art of bookkeeping are to be more regularly and thoroughly than heretofore taught at the School."

Although Accounting was one of the first subjects taught in the newly organized Wharton School, almost twenty years passed before a separate Accounting Department and faculty was created with Dr. Edward P. Moxey, Jr. as its first chairman. He served in that capacity until 1937, continuing his teaching at Wharton until his untimely death in 1943.

Dr. Moxey was graduated from Germantown Friends School in 1900 and from the University of Pennsylvania in 1904 with a Bachelor of Science Degree in Economics. During Moxey's undergraduate days three accounting courses were listed in the College catalogue under the "Business Law and Practice" group. In 1900 a young Instructor in Business Practice by the name of Edward S. Mead, (the father of Dr. Margaret Mead, world-famous anthropologist) took over the Accounting work and taught two courses: "Bookkeeping and Office Methods" and "Corporation Accounting"; both couses appeared as "Economics 201," and "Economics 206," in the catalogue. In 1903, Thomas Warner Mitchell, an Assistant in Economics, was added to the instructional staff of the Wharton School for the express purpose of teaching courses in "Elementary Accounting" and "Advanced Corporation Accounting." Dr. Mitchell, a 1900 graduate of the University of Washington, received his doctor's degree from the University of Pennsylvania in 1905. In his second year of teaching (1904) Dr. Mitchell was given the title of Instructor of Accounting and a new teacher was added as his assistant, Edward P. Moxey, Jr. Therewith began his teaching career of 39 years.

During the 1904-1905 school year the Wharton School was separated from the College under the Directorship of James T. Young, whose textbooks on political science and government were widely used in the early years of this century. However, it was not until 1912 that the Wharton School gained complete autonomy as a separate undergraduate school of the University with its own dean and faculty.

In the same 1904-1905 session the Evening School of Accounts and Finance was organized with Accounting as one of its first subjects to be offered. In those years as well as in all other years, practitioners in the field of accounting were added as Special Lecturers, among them Robert H. Montgomery of Lybrand, Ross Bros., and Montgomery, Certified Public Accountants.

In the University year 1905-1906 three regular Accounting courses were offered in the Wharton School: "Elementary Accounting," "Accounting Systems," and "C.P.A. Problems." All three courses were taught by Edward P. Moxey, Jr., assisted by Walter K. Hardt, who had been graduated from the Wharton School the previous year. After Ed Moxey began his teaching duties, he continued his education as a graduate student, earning a master's and, in 1909, the Doctor of Philosophy degree. In addition to his teaching and studies, Dr. Moxey completed the preparation for the practice of public accounting by passing the C.P.A. examination and receiving the C.P.A. certificate from the Commonwealth of Pennsylvania in 1907. Dr. Moxey was duly elected to Beta Gamma Sigma, the honorary scholastic fraternity for collegiate schools of business.

Dr. Moxey was also associated with his father, Edward P. Moxey, Sr. as partner in the practice of public accounting. At age 15, his father, unable to continue his education at that time, started to work as an office boy for the Philadelphia banking house of Glendenning, Davis & Co. During this employment he, together with other young men, including his boyhood friend, Edward T. Stotesbury, took courses of study under the personal instruction of Thomas M. Peirce who in the 1870's had established a business school for evening instruction in commercial subjects. This school, still in existence today, has been teaching, as then, many prominent Philadelphians the rudiments of business and accounting. Moxey, Sr., as a banker, broker, businessman and later a Certified Public Accountant possessed a natural and almost uncanny aptitude for figures and their relationship one to the other. As an example, the expression "Refer it to Moxey" became a common by-word among his fellow bankers and brokers whenever any matter relating to a financial statement required a sound and quick decision.

This aptitude for figures and love for the English language was also a main characteristic of his son, Edward, Jr. His experiences gained by teaching the "Accounting Systems" course for many years culminated in 1911 in the publication of *Accounting Systems, A Description of Systems Appropriate To Different Kinds of Business* published in *Modern Business* Volume X, 468 pages, by the Alexander Hamilton Institute, New York City. The Editor's Preface contains the statement that "the main purpose of this volume is to enable the reader, by numerous concrete illustrations, to get a grasp of the underlying principles of system-building and so to be able to appraise justly any system in operation, to suggest needed improvements, or to create a new system if the old is found inadequate."

The text consists of 24 chapters with quiz questions for each chapter. The topics discussed should be of considerable interest in the light of the phases treated in today's accounting courses: Installation of Accounting Systems; Business and Accounting System for a Building and Loan Association (3 chapters); The Insurance Business, Life Insurance and Accounting System of a Life Insurance Company, Fire Insurance Accounting (4 chapters); Bank Accounting (2 chapters); Brewery Accounting (1 chapter); The Department Store and Department Store Accounting (2 chapters); Gas Accounting (2 chapters); Railroad Accounting (3 chapters); Street Railway Accounting (1 chapter); Municipal Accounting (1 chapter); Executor's Work, Estate Bookkeeping System, Entries under the System, Final Accounting (4 chapters). The publication of the accounting systems text and Dr. Moxey's teaching of these subjects were strictly in harmony with Mr. Wharton's stipulations in the original deed. The course [was taught] after World War II; however, the new trends in teaching accounting and the move away from the practical approach led in the early 1950's to the discontinuation of the course. The Accounting Systems course was also taught in the Evening School, since it was a necessary prerequisite to the passing of the State's C.P.A. examination.

A group of Philadelphia accountants, including J. E. Sterrett, whose profile was published in the Spring 1975 issue of *The Accounting Historian* met in 1897 and discussed the question of trying to secure enactment of a law to provide a standard of qualification for persons entering the profession. To lend prestige to this request the Pennsylvania Association of Public Accountants was founded which counted among its charter members these prominent accountants: John Heins, J. E. Sterrett, William M. Lybrand, Robert H. Montgomery, Adam A. Ross, T. Edward Ross; in 1903, Edward P. Moxey, Sr.; in 1905, Walter A. Staub; and in 1907, Edward P. Moxey, Jr. The name of the Association was changed on October 15, 1900, to the Pennsylvania Institute of Certified Public Accountants and Ed Moxey, Jr. served as Chairman of the Philadelphia Chapter of the Institute from 1929-1931.

The first draft of the proposed bill for the certification of public accountants failed to pass. Upon investigation it was learned that a policy of education would have to be adopted to overcome prejudice and convince legislators of the equity and desirability of setting standards for accountants serving in a public capacity. When the bill was finally passed in 1899, the new Association set about to remedy the lack of accounting education and formal instruction. As

stated in Sterrett's profile, he, as Chairman of the Committee on Education, organized the Society's Evening School of Accounts in 1902. Two years later the Wharton School assumed the responsibility for the educational program and ever since, Wharton Evening School has formed the theoretical training ground of many well-known Philadelphia C.P.A.'s.

In 1913 Dr. Moxey wrote and published *Principles of Factory Cost Keeping,* The Ronald Press Company, New York, 91 pages. In the Preface to this cost text he stated that in his belief a cost text is needed because "in many minds the idea exists that the principles of cost accounting are more or less mysterious and vague, and that the subject is one for the expert only to be understood after years of study and experience. This idea is due largely to the lack of a clear and simple presentation of the principles upon which cost accounting rests." He further points out that "the use of diagrams in illustrating the principles of cost accounting is not new. They were used quite successfully in the early eighties by Garcke and Fells in their book *Factory Accounts, Their Principles and Practice.*

This cost principles text consists of five chapters: Introductory; Accounting for Stores; Accounting for Labor; Accounting for Indirect Expenses; and a Summary. The last paragraph of the Summary points out quite significantly that the "principles of factory accounting are always the same, though their application may vary widely. This must be kept in mind by the accountant and the manufacturer, as the ability to adapt the principles of cost accounting to the requirements of a plant is an important factor in securing its economic handling and in securing therefrom the best results."

Dr. Moxey was also the author of numerous articles which were published in leading accounting journals and, on a number of occasions, was the principal speaker at meetings of various accounting organizations.

This profile is not complete without mentioning Dr. Moxey's son, Edward P. Moxey, III, a 1930 Wharton graduate, who has followed his father and grandfather as a third generation C.P.A. In addition to his long association with the Philco Corporation and its successor, the Philco-Ford Corporation, he has taught accounting courses at Temple University for the past thirty years. He was one of the founders of the North Penn Chapter of the NAA of which he is a past president. He is also a member of AICPA and PICPA.

In 1981 when the Wharton School will celebrate its 100th anniversary, the Accounting Department will have the opportunity of proclaiming not only its own importance in the life of the School but

also that of Edward P. Moxey, Jr. His unusual interest and ability in the accounting field, his successful professional life and his much-admired enthusiasm and wit in the classroom endeared him to practitioners, students and teaching associates. As Professor and Chairman of the Accounting Department he contributed substantially to the high standard of accounting education and of the accounting profession in this country.

(Vol. 3, No. 1, pp. 12, 10, 1976)

JOHN McDONALD

By Harvey Mann
Concordia University

John McDonald was a founding member of the Montreal Association of Accountants, the oldest professional accounting society in North America. He served this Association as a member of Council from its inception and was its president in 1897 and 1898. He was also the father of the founder of McDonald, Currie and Company, a world-wide firm of professional accountants until 1974 when they affiliated with Coopers and Lybrand, thereby formalizing an association that had extended over many years.

McDonald was born in Tain, County of Ross and Cromarty, also known as Ross Shire, Scotland, in 1841 and came to Canada as a youth of fifteen in 1856. It is interesting to note that Tain, which is only a relatively small village (population 1931—1,383) was also the birthplace of Philip S. Ross, another very well known accountant whose name is carried on in the firm of Touche, Ross and Company. McDonald's first job on arriving in Canada was with his merchant uncle in Picton, Ontario. It is incidental but revealing of the independence of the youth, that his uncle was his only relative in Canada. Three years later, looking for a wider field of action, McDonald came to Montreal where he entered into business with the firm of Louis S. Black and Company, wholesale dry goods merchants. It wasn't until 1867 at the age of 26, that McDonald went into the practice of the profession of accounting. Although McDonald may have been familiar with the records of the firms he worked with, it seems quite obvious that his formal training as an accountant could not have been too detailed. This, however, may indicate the relative simplicity of the accountant's lot about a century ago. However, it is also quite evident that McDonald had a natural talent for the work,

that he had learned his lessons well, and probably most important, he had the appropriate character to suit his chosen profession. During the 1880's and afterwards, he was the auditor of many of the larger companies in Montreal, firms such as Laurentide Pulp Company, Shawinigan Power, Shaw-Cassils, Dominion Cotton, Frotheringham and Workman, and the Montreal Tramways. It also seems that he worked for the Bank of Montreal although there was no legal requirement for an auditor in the Bank Act until 1913.

Some evidence of McDonald's work has come to hand as part of the financial statements of Montreal Cotton Company during the 1880's. These statements for 1884 are hand written as is the audit report which is reproduced below.

Auditor's Report

Montreal, 2 February, 1884

A. F. Gault, Esq.
President
Montreal Cotton Company
Montreal

Dear Sir:

I have examined and audited your Company's books, vouchers and final statement for the year ended 31st December, 1883, and found them correct, complete and in proper order.

I would direct your special attention to the final statement called the "Summary" which shows in a concise and comprehensive manner the specific relations of the different classes of assets to their liabilities, and of the surplus of the assets to the capital and reserve accounts.

Yours truly
John McDonald
Auditor

The Summary referred to in the report is a unique presentation of the balance sheet which provides useful information and understanding to the reader. At the same time, it gives us some insight into the expertise that McDonald brought to his work. Since one of the purposes of examining accounting history is to see whether the past can be useful for the future, it is felt worthwhile to reproduce this statement in full.

The Montreal Cotton Company 31st Dec 1883

Summary

Expenditure on property, construction and plant		1,236,465.87	
Less: Liabilities thereon:			
J. Bullough, loan	146,000.00		
C. Parham, Mtge	6,553.22	152,553.22	
Net total on Property Construction plant			1,083,912.65
Cloth manufactured and in process and other realizable assets	178,846.76		
Cloth manufactured held against advances	209,640.42	388,497.18	
Liabilities, Bills Payable, Open accounts, etc.	244,190.50		
do, secured by cloth held as above stated	259,668.23	503,858.73	
Total deficiency in active assets to meet active liabilities			115,361.55
Net total surplus of assets over liabilities			968,551.10
Represented by:			
Capital account paid up		794,200.00	
Surplus a/c as shown in contingent & profit and loss a/c etc.		174,351.10	
			968,551.10

Memo

Indirect liabilities

Bills receivable under discount 9,532.54

I. W. Howard
Secy:Treas

Verified
John McDonald
Auditor

Montreal 2 Feb 1884

This Summary can only evoke admiration for its conciseness and clarity. It is possible that McDonald wrote all the statements himself but of greater interest is the definitiveness of both the report and

the Summary. There is no equivocation, only one footnote in the body of the statements referring to bills discounted and there seems to be no reservations as to the correctness of the financial statements. Further, the strength of the signature and the title of Auditor leaves no doubt in the reader's mind that the auditor meant every word he said.

The accountant's lot may have been simpler in those days but it is clear that this auditor felt his responsibility very deeply. This is made evident by a paper McDonald presented in 1898 at the quarterly meeting of the Chartered Accountant Association of Montreal. The paper called "The Sphere and Duties of Public Accountants" explains in somewhat rotund and formal language how an individual became a public accountant, how to prosper in the profession and the duties that had to be performed. To enter the profession all that was required was experience, usually acquired as a clerk in business, plus the desire or necessity to strike out on one's own. However, to build up and hold a clientele the accountant needed (and needs to this day) an "honorable character, good judgment, and mental power" plus "courtesy and sauvity." Insofar as his knowledge was concerned, the accountant had to have "the ability to define incontrovertible facts, and to render, record, and certify them so conclusively that they cannot be successfully assailed." With all the complications and problems facing the profession at this time, even the public accountant of today cannot meet these criteria and at the very least would not be able to be so definitive.

The type of work performed by the accountant in the late 19th century also seems to have had different priorities than what is required today. On the assumption that McDonald listed these duties in order of magnitude, the most important was devising and designing methods of accounting for every variety of business. Furthermore, these methods must be accomplished with the least cost but be able to provide clear and incontrovertible proof of each and every transaction. The second duty was to correct and rectify faulty accounting systems and since the accountant was proficient in "adjusting entries" it followed that he would be able to arbitrate any differences in the old improper accounts. The third duty was the administration of estates both solvent and insolvent. It seems that a large portion of the accountant's work was involved with this type of engagement as many of the advertisements by public accountants around this time emphasized the fact that they were administrators of estates. The fourth function was what is commonly considered the professional accountant's job today, that is, examining

and reporting upon accounts, including auditing. It is imagined that McDonald was speaking from his own experience in this paper so that the words he uses and the thoughts expressed offer some flavor, description and character of the man.

John McDonald did not revolutionize accounting, nor does his name appear as one of the greats of the profession, but by his demeanor, actions, and strength of character he made his mark on the community and his profession. On his death, on January 4th, 1904, at the age of sixty-three, his funeral was written up in the daily newspapers and attracted all the well known accountants of the day, as well as many other well known citizens. He clearly saw the future of accounting and by his foresight and example, albeit unintentionally, laid the foundations of the profession of today.

John McDonald stands out as one of the unsung men who started accounting onto the road towards being a respected and respectable profession.

The man and his times can probably best be exemplified by a few lines penned by an unknown poet that McDonald quotes in the aforementioned speech:

> He either fears his fate too much
> Or his desserts are small,
> Who dares not put it to the touch
> To win or lose it all.

(Vol. 3, No. 2, pp. 8, 3, 1976)

GEORGE SOULÉ

By Vahé Baladouni
University of New Orleans

Educator and author, George Soulé was born in Barrington, Yates County, New York, on May 14, 1834. Of French and German extraction, he was barely four years old when he lost his father. Some years later, his mother remarried and in 1842 the family moved to Illinois where they settled on a farm. In 1853, young Soulé graduated from an academy at Sycamore, Illinois and then went to St. Louis, Missouri where he pursued studies at McDowell's Medical College and St. Louis Law School. But, finally, he resolved to become a teacher of commercial sciences, and in 1856 was graduated from Jones' Commercial College in St. Louis.

A Pioneer in Business Education in the South. That same year he went to New Orleans where, discovering the lack of good commercial schools, he founded the Soulé Commercial College and Literary Institute. The school, which he started in a single room, soon prospered and in 1861 it was chartered by the Legislature of Louisiana "with authority to confer degrees and grant diplomas." The outbreak of the Civil War, however, disrupted the educational work he had undertaken. He entered the Confederate army as captain and during the course of the war he was successively promoted to the rank of major and that of lieutenant-colonel.

At the close of the war, he returned to New Orleans and took charge once again of his school. Although the primary objective of his institution was to meet the needs of those who wished to be trained in the management of business affairs, he did not fail to perceive the rising need for a broader range of educational programs. In 1870 he added an "English Grammar School" followed, ten years later, by "Preparatory English and Academic Schools," and in 1884 he inaugurated a "Shorthand School." In the year 1874 he acquired a building to house and operate more efficiently the gradually growing programs. A little over a quarter of a century later, the founder and president of this reputable commercial college of the South moved his institution to new and better facilities. The new college building which was erected in 1903 stood on one of the city's most attractive locations: the beautiful Lafayette Square.

When George Soulé founded his commercial college in 1856, the privately owned and managed business school had barely a thirty-year history behind it. This type of institution was variously called vocational, proprietary, and trade school. One of the many early proprietary schools was established by Benjamin Franklin Foster in Boston in 1827, while others such as Mr. R. Montgomery Bartlett established one of the first proprietary business schools in Philadelphia in 1834. In its earlier stages, the proprietary or independent business school—a peculiarly American institution—taught penmanship, arithmetic, and bookkeeping; later, it added shorthand and typewriting. For many decades the proprietary business school furnished most of the office workers in the country; but with the introduction of business education programs into the public high schools, the independent business school faced a serious challenge. To meet the competition, the better business schools not only upgraded their technical programs, but they also broadened the range of their programs to include general education courses and thus help round out the training of their students.

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An Overview of Some of the Programs. Between 1890 and 1910 when the American educational world was split apart by the issue of vocationalism versus traditional curriculum, Soulé College offered programs in general education along with its technical courses such as typewriting, shorthand, and bookkeeping. Two such programs were the Intermediate and Higher English Schools. The former program was open to boys from eight to fourteen, while the latter admitted boys thirteen to eighteen years of age. In addition, there was the Academic School which prepared students both for Tulane University and for the Commercial School of Soulé College. This was a two-year course of study and included the following subjects: spelling and defining, penmanship, universal history, higher arithmetic, algebra, plane and solid geometry, higher grammar, rhetoric, literature, physiology, physical geography, civil government, and Latin.

The business curriculum of Soulé College was divided into five courses of study. The first was the "introductory business." This was intended for students without prior knowledge of bookkeeping and any previous experience in business. Then came "business practice." Here the objective was to help students learn how to start and conduct a business utilizing source documents as well as bookkeeping records. "Banking and office routine" constituted the third course. In this course students were made thoroughly acquainted with the details of practical banking by serving in the College Bank on various jobs. Next came the "advanced commercial" course. The objective here was to provide students with knowledge of "higher accounting," as applied to various lines of business, such as foreign and domestic merchandising, banking, plantation, and joint stock companies. Finally, students served in the "actual business" department. Around the turn of the century this was a relatively new and distinguishing feature of the business curriculum. Here, unlike in the "business practice" course, students conducted business with real money and goods and kept a complete set of accounting books.

Author of Textbooks. Dissatisfied with the textbooks of his time George Soulé wrote and published several books in practical mathematics as well as bookkeeping and accounting. As an author of textbooks, Soulé became very successful. According to the testimony of his contemporaries, the use of his works for classroom instruction "produced good results." He became the author of several well-known textbooks, among them: *Soulé's Analytic and Philosophic Commercial and Exchange Calculator* (1872); *Soulé's Intermediate Philosophic Arithmetic* (1874); *Soulé's New Science and*

Practice of Accounts (1881); *Soulé's Introductory Philosophic Arithmetical Drill Problems* (1882); *Soulé's Philosophic Practical Mathematics* (1895). Most of his works were used through several editions.

In the area of practical mathematics, he felt the need for improved methods of instruction. A follower of the Swiss educational reformer, Johann Heinrich Pestalozzi (1746-1827), Soulé found the arithmetic books of the day to be "more or less defective in logical reasons . . . and in clear elucidations of the subjects." Aside from these shortcomings, the textbooks did not apparently provide adequate practical problems. They did not meet well the changing business demands of the times. His nearly forty years of classroom experience in the field of mathematical education had convinced him that the best results in the teaching of practical mathematics could be attained not by the method of rules, but rather through a reasoning process which clarified the principles underlying the subject matter. His thousand-page work entitled *Soulé's Philosophic Practical Mathematics* (1895) was designed not only to provide mathematical knowledge by the method of "reasoning process," but also to be of immediate help to people with practical problems in the fields of "trade, finance, mechanics, and business."

Another area of interest to him was the "science of accounts." Here, too, he undertook the writing of textbooks not only with a view to improving the quality of explanations and discussions, but also to enrich the body of accounting knowledge by including in his treatise new topics of interest not yet incorporated in other published works. His textbook entitled *Soulé's New Science and Practice of Accounts* (6th edition, 1901) was designed both for classroom instruction and as a standard work of reference. He believed, however, that just as in the cases of mathematics, physics, and other branches of learning, the mastery of accounting necessitated the aid of a competent teacher. This edition of his work was divided into three parts. In the author's words, the first part constituted "a critical, concise, and exhaustive" presentation of the "science of accounts." The next part gave the "actual work of bookkeeping in the best regulated counting-houses" in various lines of business. The last part presented a complete set of books in business areas such as cotton factorage, banking, and steamboating. It also included partnership settlement and practical mathematics. The seventh edition of this book (1903) was recently reprinted and published by Arno Press.

As a Tribute. In addition to his career as educator and author in the areas of practical mathematics and accounting, he lectured fre-

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quently and widely on many disparate subjects. He was in advance of his time in that he opposed child labor, favored more hygienic conditions for workers and advocated studies in sex-hygiene and eugenics. He was a member of many learned societies and president of the Business Educators' Association of America. In recognition of his "exalted character, his eminent attainments in arts and letters, his constant devotion to the advancement of Truth and Welfare of Society," on June 5, 1918, the administrators of the Tulane University of Louisiana conferred upon George Soulé the degree of Doctor of Laws.

(Vol. 3, No. 3, p. 8, 1976)

WILLARD J. GRAHAM

By R. E. Ziegler
University of Illinois

The career of Willard J. Graham, an important contributor to both accounting thought and education for 40 years, was unique in that he pioneered a form of continuing education for management level businessmen that today is widely emulated. In 1943, while at the University of Chicago, he instituted one of the first executive development programs in the nation. This program, in advanced management studies for corporations, became a prototype for those developed later at other schools around the country and the world. At the time of his death in 1966, Professor Graham was recognized both here and abroad as a senior authority in educational programs for businessmen at the executive level, having directed such programs over a longer period continuously than anyone else in the country.

A native of College Corners, Ohio, Willard Graham was born in 1897, a time when the country was in the process of transition from an early and relatively simple state to a distinctly different, more complex and more advanced state of industrial development. The era of the early 1920's, when he entered the University of Chicago as a graduate student, was marked by aggressive entrepreneurship and rapid industrialization. In a major urban center, like Chicago, where the pace of this transition was accelerated, both the gains and excesses of industrial change brought about by American businessmen in moving American capitalism to a more highly advanced state were exaggerated. It was in this environment that Willard Graham developed his life-long interests of not only participating actively as a business organizer and manager but also of reflecting on

and articulating his views on the broader, societal responsibilities of American business.

The executive program instituted at the University of Chicago was designed to develop a broad perspective among the participants. Entrants were required to be carrying major executive responsibilities and to be candidates for senior management positions within their companies. Courses were held at night over a two-year period. In addition to training that would aid in improving industrial efficiency, the program stressed planning by the participants for their respective firms for one, five and ten-year time horizons. The resulting exchanges of ideas provided the context for the introduction of a wide spectrum of non-business disciplines. These provided an opportunity for the participants to enlarge their understanding of the "whole enterprise" in its competitive situation, and to develop an appreciation of the political, economic and social forces which influence top management decisions. During the ten years Willard Graham directed this highly successful program at the University of Chicago, approximately 400 executives graduated with either a Master of Business Administration degree or a Certificate of Completion.

In 1952, Willard Graham was persuaded by Thomas H. Carroll, newly arrived at the University of North Carolina as Dean of the School of Business Administration, to leave the University of Chicago and assist in the development of a graduate school of business, as well as an executive program, at Chapel Hill.

In common with other far-sighted business leaders, as well as educators, Willard Graham was idealistic about his role in the free enterprise system. In a speech given before the annual meeting of directors of the University of North Carolina Business Foundation, Graham eloquently expressed his belief in the importance of the executive development programs such as those he had instituted at the Universities of Chicago and North Carolina. In his talk, Graham stated:

> He [the executive] becomes interested in, and concerned about, problems far beyond his own position, beyond his own company, even beyond his own industry—problems that concern all business and the whole economy of which business is a part.
>
> He becomes interested in the basic economic principles which must govern all business. He becomes interested in and concerned about the attitudes of workers, and the policies of organized labor, not just in order to out-general them on the next contract, but to understand why they

> think as they do and act as they do and to determine in what respect management is responsible for the development of these attitudes and what management should do to establish better relationships with labor.
>
> [He continued,] the executive becomes interested in, and concerned about, the relationship of government and business—what has brought about the present high degree of regulation, to what extent it is necessary and desirable, what the probabilities are for the future and what management should be doing about it.
>
> He becomes interested in, and vitally concerned about our free enterprise system. Through intensive study of the principles of economics and the organization of society, he comes to understand better the basic elements of a free enterprise or capitalistic system as contrasted to other forms of social and economic organization; he understands better and becomes more articulate about the advantages of free enterprise and the dangers which appear to threaten it, from within as well as from without.
>
> And he begins to feel his own personal sense of responsibility—and that of management generally—for intelligent action to preserve that system.
>
> This is probably an exaggeration . . . but I like to think that our graduates might make the difference between keeping what we have and losing it.

Thus, to Chapel Hill he would invite such journalists as James Reston and Harry Ashmore or such educators as Robert Hutchins to stimulate the clash of ideas. The goal of these encounters was to broaden tolerances, rearrange prejudices and increase the sense of social responsibility among the participating executives.

Willard Graham's contribution to advanced management education reflected, in part, his unique experience as a businessman as well as an educator. Early in his career, he was an active participant in the formation of a number of corporations, some of which still are thriving. These companies were in fields as diverse as welding, casualty insurance, color dye manufacturing and electric tabulating, a predecessor to the present-day data processing service. In one notable example, the Irwin Publishing Company, he was a member of the Board of Directors and later editor of that firm's Accounting Series. He also served as a consultant to a number of companies, including the Illinois Bell Telephone Co., the Peoples Gas Company of Chicago and General Motors.

Professor Graham played an active role in the American Accounting Association, and it was in that organization that his influence as an accounting theoretician probably found its great expression. His work as Chairman of the prestigious Committee on Accounting Concepts and Standards began in 1950. It was under his chairmanship that the first of the Committee's eight Supplementary Statements, issued as appendages to the 1948 "Statement on Accounting Concepts and Principles Underlying Corporate Financial Reporting," were issued. These supplements recommended, among other things, that appropriations of retained earnings not enter into the determination of periodic income and that the effect of general price level changes on the financial statements of a firm be measured and reported as supplementary information. Willard Graham was chairman of this committee until his election as a vice-president of the Association in 1952, and he took an active interest in its deliberations thereafter.

In 1955, when Willard Graham was elected President of the AAA, this Committee on Accounting Concepts and Standards was charged with the task of completely revising the Association's previous 1948 Statement. Although the resulting revised statement, issued in 1957, often is regarded as another, albeit the final, revision in the series of pronouncements that began in 1936, it differed from its predecessors significantly in that it advocated the measurement and reporting of gains and losses resulting from price changes. Specifically, the 1957 Statement, reflecting the views of those influential in its creation, recommended that both inventories and cost of goods sold be measured in terms of current costs and that such other supplemental data as necessary be reported to disclose the impact of both specific and general price-level changes on the financial statements of the firm.

Although Willard Graham's personal views of accounting theory had their basis in a "matching" notion of income determination that often is associated with the stewardship function of accounting, he was primarily an advocate of the view that accounting should provide information useful to decision-makers in the predictive context within which their decision must be made. With respect to income determination, he felt that it was incumbent upon management and the accounting profession to provide a measure of past business income which would give the most useful basis for estimating future earning power. To accomplish this, he advocated that income be determined within a replacement-cost framework. He also was an outspoken critic of the accounting literature for what he felt was an almost total absence of criteria available for use in selecting from

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among the variety of specific procedures often regarded as alternatives in any given situation.

At the conclusion of his term as President of the AAA, Willard Graham was appointed a member of the Committee on Accounting Procedures of the AICPA. He served a three year term on that body, a period which encompassed the issuance of Accounting Research Bulletins 48 through 51 dealing with contingencies, earnings per share, business combinations and consolidations. He later served the AICPA as a member of a Project Advisory Committee to the successor Accounting Principles Board.

Graham's other activities and memberships were extensive. He was active in the Controller's Institute of America, the National Association of Cost Accountants and the American Institute of Management. He was a member of Alpha Kappa Psi, serving on the Board of Directors of that organization's Foundation, and was a member of two honorary fraternities, Beta Gamma Sigma and Sigma Iota Epsilon. He was a member of the Board of Nominations for the Accounting Hall of Fame at Ohio State University. Wherever he lived, he also was active in local professional and civic affairs.

Graham received his A.B. degree at Tarkio College in Missouri in 1921. He subsequently entered the University of Chicago, where he received his A.M. (1924) and Ph.D. (1934) degrees. From 1921 to 1923, he was a professor of business administration at Tarkio College and from 1924-29 at Monmouth College in Illinois. While at Monmouth, he also served as an Instructor of Accounting at the University of Chicago from 1927 to 1930, when he was appointed assistant professor and left his teaching duties at Monmouth. He remained on the faculty of the University of Chicago until 1952. A frequent contributor to various accounting journals and other publications, he wrote several books, including *Auditing, Public Utility Valuation, Economics of Business, Accounting in Law Practice* (with W. G. Katz) and *Financial Management* (with J. O. McKinsey). He also edited over 50 books on accounting and controllership.

Early in 1966, at an unscheduled addition to the graduation ceremonies of an executive program class at Chapel Hill, he was honored by the establishment of a distinguished professorship carrying his name. The endowment was contributed by many of the approximately 500 executives who graduated from that program since its founding by Graham in 1953. Of the many tributes given in his honor upon his death later that year was one by Richard D. Irwin, Chairman of the Board of Directors of Richard D. Irwin, Inc. His announcement expressed the sentiments of many:

. . . we acknowledge his contribution to the improvement of education through his efforts as a Consulting Editor for us during these many years. As such, he was able to project his own talents as a teacher and author by way of inspiration to other authors in a manner which not only benefited their efforts, but gained for him their admiration, respect and friendship. Through their works his influence will, therefore, be felt far into the future.

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