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It was in the early twenties that the ferment for reform in the accounting profession began to manifest itself. The chief instigator was Durand W. Springer, an outspoken AIA charter member. I had known him from the days he had served as the principal of Ann Arbor High School which I had attended. Still earlier he had been a member of the staff of the Detroit Trust Company—a small group whose function was to investigate and report on the affairs of both prospective seekers of loans and those to whom loans had been extended. He had pioneered for many years as the secretary and moving spirit of the Michigan State Board of CPA Examiners.

Durand Springer was a cool, forward, blunt individual who could not stomach the leisurely ways of the elite who in those days dominated the Institute's activities—such as they were. Heading that elite group was A. P. Richardson, a nonaccountant and an import who has often been referred to as the epitome of a perfect English gentleman, and with whom Springer never ceased to be at issue. Noting the rising flood of certified financial statements containing conjured-up valuations of assets, overstated profits, understated liabilities, and the beginnings of inflated income statements free from unfavorable operating losses "charged to surplus," Springer had urged as early as the reorganization of the Institute in 1916 that links be established with state societies, that uniform principles and standards be agreed to and even that centrally devised CPA examinations be promoted. His adjurations had fallen on deaf ears. And so, in 1922, backed by a loyal and enthusiastic band of Institute supporters, he established the American Society of CPAs and inaugurated a monthly journal, *The Certified Public Accountant.* He served as the Society's one and only secretary until its absorption by the Institute thirteen years later—after Richardson had disappeared from the scene, the stock market had crashed, the Great Depression had begun, and signs of contrition were being displayed by the Institute's management. During its existence the ASCPA had made serious inroads on the AIA membership; and, among other things, uniform examinations had been initiated (I was their begetter) and

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for several years had been adopted by as many as thirteen states. For two years before his retirement Springer became a member of the Institute staff and an assistant editor of the *Journal of Accountancy.* At no time was he a status seeker: he was a dedicated leader: a leader the younger members of the profession looked up to, a leader whose contributions to a new and more vigorous profession have been all but overlooked.

Another dissident in the twenties was Arthur Andersen, under whom I had studied during the early days of his professorship at Northwestern University (he was at that time an advocate of a "Statement of Application of Funds" that began with "sales," not "net income"—a reform which the AICPA, even now, has failed to recognize). At the First International Congress of Accountants in St. Louis he had challenged the profession to adopt common standards and a common language, the elements of which might be assigned a uniform interpretation. He chose the much manipulated "earned surplus" as a characteristic term crying for definition. Would the profession ever be able to look ahead far enough to envision its meaning as one acceptable to business management, investors, investment analysts, financial journalists, and the world at large?

Arthur continued his challenge; and in 1929, the year the market crashed and incriminating tirades against an all-too-accommodating profession were being launched from all sides, a committee on the definition of earned surplus headed by Arthur Andersen was authorized by the Council of the Institute; John Medlock, a local PW partner who had been associated with me on the Illinois Board of CPA Examiners, along with myself, were members. After two years of circulated drafts, we came up with a report and definition (similar to the present concept of retained earnings). Both were promptly rejected by the Institute Council. The most quoted argument supporting the Council's action at that time was that such a definition—in fact, any restrictive definition—would excise the indispensable element of judgment from an auditor's findings. The brusqueness of the turndown ended Arthur Andersen's activities within the Institute.

The Council's action had aroused a considerable amount of criticism by a number of Institute members including Bob Montgomery. He proposed a committee on terminology which was established forthwith with himself as chairman, followed two years later by his withdrawal and appointment of myself to succeed him. The committee solicited definitions from the academic world as well as from practitioners and in 1936 reported to the Council one thousand definitions in tentative form. Again the Council rejected the report and abolished the committee.

Montgomery then suggested that I go it alone: that the experience I had gained from these two abortive attempts would stand me in good stead. And so, I have found myself, even today, still engrossed in the business of extracting essences from the accountant's language.

There had been still another development. The American Association of University Instructors of Accounting (AAUIA), founded in 1916, was beginning to chafe at the bit. The vast discredit that had fallen on the accounting profession during the years following 1929 had given rise to serious questions concerning professional training. Accounting curricula had been dealing mainly with the mechanical, amoral processes through the operation of which published financial statements had been emerging. No basic standards for these end products of the accountant's art had been agreed to; inherited custom had been the leading guide. The least of the charges against the profession was complacency: the truckling to management's desire to make a showing through puffed up valuations and overstated profits, at the same time carefully abstaining from revealing their accounting origins. In short, procedures to which accountants had all too often unwittingly subscribed had added substantially to the promotion not only of the inflation of the 20's, but also of deceptive practices underlying management's representations to investors. The public interest had not figured in the accountant's activities. Accounting curricula had become the target and were being regarded as the real source of permissive practices. Teachers of accounting had become thoroughly alarmed. Proposals were being made for an authoritative statement of principles on which there could be common academic agreement.

At the December 1935 annual meeting of the Association I had testified that during the seven-year period I had been the editor of the Association's quarterly journal, I had been besieged with papers setting forth the need for such a statement along with arguments supporting it. Some, having observed the apparent determination of the AIA to maintain the even tenor of its function as a gentlemen's club, were advocating immediate AAUIA action. And, with the attending members now thoroughly aroused, action became the order of the day: a change of name to American Accounting Association, a membership extension to the practicing profession and all others interested in the development of accounting principles, a five-man executive committee as the Association's governing body, a commission to that committee for the immediate drafting of principles on which financial statements could be based, and which might stand some chance of general acceptance. As the first president of the revamped association, I was ably supported by the other committee members, particularly by Howard Greer, the retiring president of the old association. Together we labored for three months on a brief tentative draft of principles we believed most worthy of observance in the preparation of financial statements, and with the suggestions and approval of the other committee members, the overwhelming supporting vote of the circularized Association members, and, I should add, with an insertion to appease Bill Paton, it was published in the June 1936 issue of *The Accounting Review.*

There you have it: a quick summary, within this alloted space, of one individual's observations, participation, and survival in the midst of dynamic undercurrents during the 20's and early 30's. To the inimitable Durand Springer must be attributed much of the push—all too suddenly perhaps, despite the lapse of years—given to a dormant profession into its hectic preoccupations of today, some of which have already led to decisions and pronunciamentos growing out of involved concepts that will have to be retraced if the output of accountants is to continue as assimilable reading matter for the laity: a laity that in the end may well include the bulk of the profession.

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