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CARMAN G. BLOUGH: A PERSONAL PROFILE

by
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The only time I met Carman G. Blough was March 29, 1979, in Bridgewater, Virginia. Two months before, I telephoned him to arrange the meeting for I was beginning work on my dissertation noting the contributions of Blough. I felt the intervening time would be adequate to organize the dissertation and to formulate questions. However, as I began studying Mr. Blough's writings, I found myself overpowered by the breadth and depth of his experiences. From 1935 to 1961 Blough held a series of important positions, each demanding unique skills and abilities. Starting with his appointment as Chief Accountant (1935-1938) to his appointment as Director of Research (1944-1961), Blough was constantly faced with developing the functions and duties of a new or rapidly developing office. In each case, with a minimum of guidance, he was not only successful in developing policies to meet current needs but also established concepts that are still being followed.

Ironically, the more I read the more I became unsure whether I could adequately describe the accomplishments of such a noted accountant, a feeling I still have. Therefore, it was with a certain degree of trepidation that I drove to Mr. Blough's apartment that afternoon in Bridgewater. Katherine, Blough's wife, met me at the door of his one-room efficiency apartment. They had moved to the apartment from their farm, Blough-Mead, following an illness that limited Mrs. Blough's physical activity. As soon as I entered the room, Mr. Blough, who was sitting in a chair somewhat behind his wife, stood up to greet me. I knew that he had lost his right arm early in his life and had overcome the disability. However, because of his advanced age, I was concerned about his health and that the interview might be too tiring. My fears were unfounded, for I found him to be an active individual totally in control. Throughout the interview he amazed me with his ability to recall dates, places, and events that affected his career.

Physically the interview was exhausting, lasting 5½ hours, but the meeting proved rewarding. Because Blough's answers were so clear and concise, I was able to use his responses to form the basis of

my research. Of particular importance to me was Accounting Series Release No. 4, issued April 25, 1938. In that release, the Securities and Exchange Commission (SEC) stated that the Commission would not dictate accounting policy but would accept accounting principles that were widely followed in the accounting profession, a concept defined as "substantial authoritative support." Blough was a key figure in formulating this release, for many in the Commission strongly advocated establishing a rigid set of accounting principles. The most notable commissioner who advocated such a step was William O. Douglas, later a member of the Supreme Court. During the winter of 1936 and all of 1937, the SEC must have been an interesting place to have worked because two giants of the legal and accounting profession were locked in a deep philosophical debate that would directly affect a federal commission and an entire profession. Blough argued that the theoretical concepts supporting the accounting profession would become stagnate if the government dictated accounting procedures; moreover, he felt that no one in government could effectively draft a regulation that would contain all the informational requirements of the reader. Blough's logic won the day for the Commission, in a 3 to 2 vote, decided against establishing accounting rules and procedures as favored by Douglas.

Another event of Blough's life that I found interesting concerned the problems associated with investment tax credit, specifically APB Opinions 2 and 4. In the last opinion, No. 4, the then newly-created Accounting Principles Board was forced by outside pressure to accept an accounting principle that they had earlier rejected in No. 2. Blough, who was a member of the Board, was on the losing side of the argument. He believed that the accounting principles of cost and matching as previously stated should outweigh the Board's attempt to develop credibility.

Blough's philosophical concepts of accounting allowed a wide variation of accounting concepts as long as each met certain basic guidelines that the accounting profession has in the past followed. Whether he was on the winning or losing side in a

debate did not matter to Blough, for he was a man of strong conviction who advocated in a forceful manner concepts he believed.

After completing the interview, I asked Blough and his wife out to dinner. Mrs. Blough declined but Blough accepted the invitation. Previously I had been told not to help Blough on with his coat, but as I saw him reaching with the side on which he had lost his arm, I instinctively tried to lend assistance. Almost instantly I knew I had made a mistake, for Blough quickly looked at me and for a brief moment his eyes reflected his displeasure. Fortunately, the moment passed quickly and Blough finished placing on his coat as we went out to dinner. At dinner, one topic that had no particular bearing on accounting but interested me all the same was how Blough was able to play tennis on his college team. Personally, I have found the game of tennis a demanding sport and I could not imagine how anyone could serve with only one arm. Not wanting to broach a sensitive issue, especially after my experience with his coat, I asked Blough about his life at Manchester Academy and College. Blough began to relate his views about his early schooling and the events leading up to losing his arm. In addition, Blough discussed events that came after the accident, principally how he joined the tennis team. Blough noted that after the accident he wanted to excel in a particular sport. He felt that if he could master the art of serving that his overall ability would allow him to make the team. So for hours he would hold the ball and racket in his left hand and with an upward swing pitch the ball high over his head so he could cock his arm and swing through the ball when it came down. The procedure was quite complicated and must have required an enormous amount of skill, practice, and determination in order to be effective. This must have been especially so because Blough was naturally right handed. After completing a most enjoyable meal we said good-bye, at which time Blough drove home.

The traits that Blough exhibited as a tennis player mirrored the strength and determination that he brought to the accounting profession. When I defended my dissertation, I was asked if anyone in the accounting profession has attained the warmth and admiration of not only the profession but also of government officials and readers of the financial statement. My answer was currently there are none, and because of the unique set of circumstances that surrounded Blough, possibly there will be none in the future.

ROMANCE IN A LEDGER

James W. (Jimmy) Jones, a Baltimore CPA, passed along the following newspaper clipping taken several years ago from the *Stockholm Dagbladet*.

ROMANCE IN A LEDGER

Excerpts from the private ledger of a Stockholm businessman:

	Kroner
March 1	
Advertisement for a girl secretary	10.00
March 2	
Violets for the new secretary	5.00
March 3	
One month's salary (in advance), secretary	250.00
March 7	
Roses for secretary	15.00
March 8	
Chocolate bar for my wife	.75
March 13	
Lunch with secretary	20.00
March 15	
Increase in secretary's salary, in advance, (owing to high costs of living)	100.00
March 17	
Movie tickets for me and secretary	16.00
March 21	
Chocolate for wife	1.00
March 23	
Further increase in Maud's salary (in advance)	25.00
March 24	
Theater and supper for Maud	50.00
March 25	
New spring dress and silver fox for wife	1,000.00
March 26	
Advertisement for a male secretary	10.00

Jimmy also provided the following comment: "One must not conclude that the above experience is applicable only to the natives of Sweden, because in my experiences in the profession I have seen similar situations."