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BOOK REVIEWS

Dale A. Buckmaster, Editor
UNIVERSITY OF DELAWARE

Lawrence Robert Dicksee. *Business Methods and the War* (Cambridge: at the University Press, 1915, pp. 71); *The Fundamentals of Manufacturing Costs* (2d ed., London: Gee & Co. (Publishers) Ltd., 1928, pp. 39); and *Published Balance Sheets and Window Dressing* (London: Gee & Co. (Publishers) Ltd., 1927, pp. 62). Reprint ed., three vols. in one. New York: Arno Press, 1980, \$18.00.

Reviewed by
William L. Talbert
Georgia State University

Business Methods and the War is a reproduction in book form of four lectures delivered in 1915 at the London School of Economics and Political Science. The author directs that the lectures should be regarded "in the light of a few suggestions as to how business men might, with great advantage to themselves, take to heart such lessons as the war may have to teach them. After all, war is a business, and business—like life—is one long battle."

In the first lecture the author discusses business, military, and labor organization, including an interesting history of organization through ancient, mediaeval, and modern times. He concludes that business has much to learn from the military, and that the Accounts Department of a business should occupy a position similar to that of any other staff department, and that operational personnel "should be brought up to regard them as friends and allies, rather than as natural enemies." In the other three lectures he treats such topics as business training and technical education (comparing them to military drill), the value of accounting as a means of benefiting by experience, waste products and by-products, and war prices and balance sheets.

The Fundamentals of Manufacturing Costs is a handbook whose object is "to draw attention to, and to emphasize the importance of, a Report issued by the Federal Trade Commission of Washington,

U.S.A., on 1st July 1916," which is reproduced as an Appendix. The Federal Trade Commission's report is a pamphlet on "Fundamentals of a Cost System for Manufacturers," and it serves as a vehicle to allow Dicksee to impart two messages, one about uniform accounting methods and the other about dealing with overhead charges. He disapproves of uniform accounting methods, and he proposes that the overhead charges actually incurred should be apportioned over the work done during the time when they were incurred. Concerning such apportionment, he declares that there is "nothing whatever that is magical about the yearly period," and that "the month would seem to be the normal basis upon which to deal with Overhead Charges."

Published Balance Sheets and Window Dressing is a book based largely on a series of articles that appeared in *The Accountants' Journal* in 1926. This book starts with discussions of the general nature of a balance sheet and uniformity in balance sheets, and then proceeds in the format of an intermediate accounting textbook with capital and liabilities *next to the windows* and without discussion of revenue and expense accounts. The author's perception of the general nature of a balance sheet includes the ideas that the statement was framed with a deliberate lack of full disclosure and that shareholders should not expect to be able to understand the statement without studying the language in which it is written. And the author remains opposed to any significant degree of uniformity.

The author seems to believe that most companies keep their accounts using a natural business year, thereby preparing financial statements when business is comparatively slack. This tends to present the affairs of the companies in a particularly favorable light, and the slackness of business provides time for preparing "window dressing." The author defines "window dressing" as "a somewhat vague term which may cover anything from a perfectly proper desire to take advantage of a lull in business to set one's house in order, to a deliberate attempt upon the eve of balancing to pass transactions through the books that will put a better complexion upon affairs, even although [*sic*] those transactions may have laboriously to be undone early in the ensuing accounting period."

Marc Jay Epstein, *The Effect of Scientific Management on the Development of the Standard Cost System* (New York, N.Y.: Arno Press, 1978, pp. 198, \$20.00).

Reviewed by
Ashton C. Bishop
James Madison University

This book, a published doctoral dissertation, examines the effect of scientific management on the evolution of standard cost accounting. The objective was to provide a clear exposition of the impact that the scientific management movement had on the development of the standard cost system.

The hypothesis of the study, that the scientific management movement had an important effect on the development of the standard cost system, was examined using two methods. The first method entailed an exhaustive search of the literature of the time which included professional, academic, and popular journals as well as unpublished manuscripts. The second method employed was the case method which included an analysis of existing documents such as accounting forms, correspondence, and reports. The study period included the years 1875 through 1920.

Accounting literature prior to 1910 showed little acknowledgement of standard costs. It was shown that the development of standard costs generally accompanied scientific management in the literature following the Eastern Rate Case hearings of 1910. The association of "scientific management" with its principles was primarily due to efforts of Louis Brandeis, one of the attorneys opposing proposed railroad rate increases. His position was that operating costs could be substantially decreased by the application of the principles of "scientific management." After the hearings, scientific management ideas spread and more accounting literature was seen referring to standards. The contributions of such notables as Harrington Emerson, Sterling Bunnell, Clinton Scovell, and Charter Harrison were reviewed and the discussion showed the important impact that scientific management had on the development of standard cost accounting.

Case studies were used to document the use of standard cost concepts in business organizations that implemented Frederick W. Taylor's system of scientific management. Most of the material examined was from the Taylor Collection at the Stevens Institute of Technology. Relevant documents relating to Midvale Steel Company, Manufacturing Investment Company, Bethlehem Steel Com-

pany, Eastern Manufacturing Company, Link-Belt Company, and H. H. Franklin Company showed Taylor's influence on the development of standard costing. The documents also provide evidence that standards were used in industry prior to their discussion in the literature.

The findings of this study were that scientific management had an important and direct effect on the evolution of standard cost accounting and that scientific management preceded the development of the standard cost system.

This book is well organized and researched. It should be of interest to anyone who wishes to understand the historical development of standard cost accounting. The book would be a good addition to the holdings of any college or university library and could appropriately be considered as one reading in a management accounting seminar.

Charles Waldo Haskins (Edited by Frederick A. Cleveland). *Business Education and Accountancy* (New York: Harper and Brothers Publishers, 1904, Reprint ed. New York: Arno Press, 1978, pp. xii, 239, \$26.00).

Reviewed by
Lloyd Seaton, Jr.
University of Arkansas

This work, a collage of essays and addresses written by Charles Waldo Haskins at the turn of the century, should make especially interesting reading for academicians and practitioners interested in the role of professional education, i.e., professional schools and programs, in today's university setting. Professor Haskins, one of the founding partners of the firm bearing his name, held the Chair of Auditing and Accounting History and was the first Dean of New York University's School of Commerce, Accounts, and Finance, established July 28, 1900. As Dean, Professor Haskins' ". . . first aim was to bring together in the School a corps of trained educators and practicing accountants as would meet the educational requirements of the State Board of Examiners under the [State of New York] law of 1896." The reflections contained in the first six chapters deal specifically with the place and role of the university in preparing individuals for careers in business. The introductory chapter, written by Mr. Cleveland six months following Professor Haskins' death, refers to the work as ". . . the most advanced

thought of those not actively engaged in the teaching profession on the subject of business training and the possibility of raising high professional standards in what may be called business specialties. . . ." (That is, Accountancy, Finance, and Business Administration.) The recurring theme that ". . . education has not kept pace with the demands of the time" is explored in some detail as is the schismatic distinction between the "theoretical," and the "scientific." Considerable effort is made to generalize that these professional specializations are a logical outgrowth of the development of commerce and business.

Following a rather interesting biographical sketch of Professor Haskins, Chapter II deals with the specifics of what the author calls "prejudices of the educated against business, prejudice of businessmen against education" as well as arguments concerning the legitimacy and benefits of business education. Chapter III, entitled "The Scope of Banking Education," addresses issues as they relate to what is being done in the way of higher commercial and financial training—the Department of Commerce, Accounts, and Finance of New York University is offered as the case in point. Chapter IV is taken from an address to the New York State Society of Certified Public Accountants delivered on June 11, 1980 entitled "The Possibilities of the Profession of Accounting as a Moral and Educational Force." The work overflows with Professor Haskins' view of the importance of the profession of accountancy and of business education to the profession.

Chapters V and VI present Professor Haskins' views on "The Growing Need for Higher Accounting" and "The Place of the Science of Accounts in Collegiate Commercial Education." The first work is from an address before the Pennsylvania Institute of Certified Public Accountants, Philadelphia, April 15, 1902. In this speech, Professor Haskins suggests that it is ". . . evident that we are dealing with an experimental, progressive and adaptive science of which we know as yet little of the boundless possibilities rather than the expert book-keeper" model commonly associated with the field by the lay community. Professor Haskins discusses the opportunities for the accountant to perform "missionary work" in helping businessmen improve their accounting systems and reduce such "rascalities" as having one's "pockets picked" in public.

Two movements are discussed. First, legislation establishing and "safeguarding" the practice of professional accountancy in New York, Pennsylvania, Maryland, and California; and secondly, the educational movement as evidenced by the establishment of New York University's School of Commerce, Accounting, and Finance.

The thrust of this speech was to inform the Pennsylvania audience of his views concerning recent developments impacting on the profession of "higher accountancy."

The second piece in this section deals with the place of the science of accounts in collegiate commercial education. This short paper was prepared for the Thirteenth Annual Meeting of the American Economic Association held at Ann Arbor, Michigan, December 28, 1900. This paper presents a brief description of the historical setting of commercial and accounting education. It also discusses events leading to the establishment of the New York University School. Some effort is expended to provide some curricula detail as well as to offer support for the notion that the science of accountancy provides a framework for "a recognizable profession—Public Accountancy—on a plane with that of Medicine, Theology, or the Law."

The last three chapters consist of two essays on the history of accounting and one essay dealing with the author's experience with the municipal accounts of Chicago. The first work in this section, Chapter VII, "History of Accountancy," is a lecture delivered by Professor Haskins at the opening of the School of Commerce, Accounts, and Finance of New York University, October 2, 1900.

Chapter VIII, "Accountancy in Babylonia and Assyria," is drawn from the literature of the time and represents a portion of Professor Haskins' unpublished efforts to provide prospective to the field. References in earlier speeches and essays were undoubtedly based upon this personal review of the literature concerning accountancy in Babylonia and Assyria. Chapter VIII is more detailed than earlier chapters.

Chapter IX, "The Municipal Accounts of Chicago," was taken from a paper that was read at the Seventh Annual Meeting of the National Municipal League, May 10, 1901. The connection between this last chapter and the earlier work, although interesting, is at best obscure.

As stated in the reviewer's opening remarks, this work should be of interest to both practitioners and educators. The perspectives provided are well worth the effort.

Herman Herwood (assisted by Joseph C. Myer), Assumed Compilers. *The Herwood Library of Accountancy* (New York: Herwood & Herwood, Certified Public Accountants, 1938, pp. viii, 233; Reprint ed. New York: Arno Press, 1980, \$22.00).

Reviewed by
Homer H. Burkett
University of Mississippi

The Herwood Library of Accountancy is the book version of a catalog which was compiled for a private library. The library was owned by Herman Herwood, and he must have devoted much time and effort to both the collection of the library and the compilation of the catalog.

In the preface of the book-catalog, Mr. Herwood indicated that he viewed the library as consisting of two parts. He called one part of the library the collection. The other part contained books dealing with the history and bibliography of accounting and apparently was used as a guide to identify candidates for the collection and to catalog books with missing or defective title pages.

The book-catalog has 1,300 entries. Of the 1,300 entries, there are 1,233 entries for the collection and 67 entries for the books dealing with history and bibliography. Except for 40 of the books dealing with history and bibliography, the entries are for books which were printed between 1494 and 1900.

Entries for the 1,233 books in the collection include accounting and bookkeeping texts, other books with sections allotted to accounting and bookkeeping instruction, and miscellaneous books which were considered by the collectors to be associated with accounting. In the latter category are entries for keys and auxiliary books devised to accompany texts, manuals for private use, uncopyrighted works on accounting and auditing procedure issued by private firms, financial reports issued by businesses and governmental agencies, and account books designed for specific phases of economic activity.

For the collection, the entries in the book-catalog are arranged into seven geographical divisions on the basis of initial place of publication. Within each geographical division, the entries are arranged alphabetically according to the name of the author, association, or institution. For the history and bibliography books, the entries are arranged alphabetically according to the name of the author.

Each entry in the book-catalog represents a separately bound book, but a separately bound book which was printed between 1494 and 1900 might have contained either one or two literary works or a set of blank forms. Each entry clearly describes the nature of the book.

The book-catalog is valuable for at least two reasons. First, it can be used by accounting historians as a reference to check the accuracy and completeness of certain citations. Second, it can be used to locate a book of interest in the library.

The book-catalog should be a useful reference because Herwood seems to have been one of the more devoted collectors of accounting curiosa. Dr. Joseph C. Myer, late dean of St. John's University, School of Commerce, participated to some extent in the collection effort. His interest in accounting history is demonstrated in an article which was published in the March, 1931 issue of *The Accounting Review*. Myer and Herwood coauthored a check-list of early bookkeeping texts from books which were owned by them. For some unknown reason, the name Herrmann Herskowitz was used for the co-author. In part, they developed the check-list because of perceived deficiencies in a check-list which was coauthored by Hatfield and Littleton and published in 1932. The Myer and Herwood check-list was published in the April, 1933 issue of *The Certified Public Accountant*.

The value of the book-catalog is enhanced because the library does exist; although it may not be identical to the one which existed in 1938. Mr. Herwood bequeathed his library to the University of Baltimore Library, and the Herwood Library of Accountancy became a special collection in 1971.

Hatfield and Littleton mentioned a number of University and society libraries and private collections and misspelled Myer's name in their 1932 check-list. They did not mention the University of Baltimore Library. In the future, authors of similar check-lists should be aware of the special collection because the Herwood Library of Accountancy is remarkable. The book-catalog also is remarkable and is of special value to those interested in the historical background and development of accounting.

Eugène Léautey and Adolphe Guilbault. *La Science des Comptes Mise à la Portée de Tous* (The Science of Accounting Put Within

Reach of All), (Paris: Libraire Comptable et Administrative, 1889, Reprint ed. New York: Arno Press, 1980, pp. XVIII, 502, \$40.00).

Reviewed by
Bernard Colasse
Université de Paris — Dauphine

A French reader can only greet with enthusiasm R. P. Brief's initiative in persuading an American publisher not only to reissue the Léautey and Guilbault treatise on accounting (first edition, 1889) but to republish it in the original French. No publishing house in Paris, unfortunately, would have taken such a risk.

The works of Léautey and Guilbault, who published both jointly and individually, enjoyed widespread success in Belgium and France at the end of the nineteenth and the beginning of the twentieth century. *La Science des Comptes* knew no fewer than twenty-seven editions! It is, in fact, the twenty-seventh edition which has been reprinted by Arno Press.

La Science des Comptes consists of three major sections.

In the first section the authors define a certain number of terms, including *accounting* itself, and present the three components of accounting which they deem essential: the ledger, the journal, and the balance.

In the second section they propose their own theory of accounting, a new means of classifying accounts. They isolate four classes of accounts (pages 119-123).

- class 1: A Prior Capital Accounts
- class 2: B Real Accounts
- class 3: C Personal Accounts
- class 4: X Profit and Loss Accounts

The authors strive to show convincingly that this classification is the most logical approach for calculating operating income. The transactions which affect the class B and C accounts determine income, which is first recorded in the class X accounts and then again in the class A accounts. Léautey and Guilbault make use of formulae and symbols to support their arguments. This has led French historians to link them to the Mathematical School.

In the third section, which comprises more than half of the work, there is an exhaustive treatment of all operations likely to affect the different classes of accounts.

It is however the treatise's philosophy, rather than its accounting theory, that is most likely to interest the student of accounting history.

Although their writings were certainly influential among their own contemporaries, Léautey and Guilbault do not seem, in retrospect, to have introduced significant changes into accounting concepts. They were scarcely the first, for example, to advocate the "dual personality" theory (which distinguishes between two separate legal entities, or "persons;" the owner and the business) or to support the rule "qui reçoit doit, qui donne a" ("debit him that receives, credit him that gives"). (pp. 34-35)

On the other hand, it is surprising to see to what extent Léautey's and Guilbault's works are infused with Positivism, that philosophical doctrine of which the founding father was Auguste Comte (1798-1857). This assertion deserves greater elaboration, but we must limit the discussion here to a very brief indication of positivist elements in Léautey's and Guilbault's approach.

First of all, the authors want to make of accounting a true science or, more specifically, a branch of mathematics. Accounting, in other words, should rise to the "third state" of intellectual activity, the "positive state," (that state which, as defined by Auguste Comte, comes after the theological and metaphysical states): "Accounting, a branch of mathematics, is the science of rational coordination of accounts." (p. 17)

The authors are further concerned to create, through accounting procedures, a new order in the administration of private and public organizations and to work toward the advent of Auguste Comte's "organic society" ("société organique").

In Comte's view, all societies experience periods of disorder: "Sociétés critiques" ("societies in crisis") and periods of order ("organic societies"). The return to order following a period of disorder does not mean the restoration of the old order. It consists, rather, of the institution of a higher order, an advance resulting from changes in modes of thinking. Accounting, having been elevated by Léautey and Guilbault to the rank of a science, could now contribute to the emergence of a new social order.

The third positivist feature of Léautey's and Guilbault's work is their messianism. In order for accounting to accomplish its social mission, it must be foreign to no sector of activity, economic or otherwise, and be practiced by members of all social categories: "capitalat," "salarialat," "proletariat," (the employer-owners, the white collar employees, and the propertyless wage-workers).

Ultimately, rereading *The Science of Accounting* teaches us above all—if we did not know it already—that accounting principles and practices do not evolve autonomously but that they are part of a general evolution of ideas. Some of our more important manuals today probably owe as much to Structuralism or Existentialism as Léautéy and Guilbault's treatise did to Positivism.

Allan J. Lichtman and Valerie French, *Historians and the Living Past: The Theory and Practice of Historical Study* (Arlington Heights, Illinois: AHM Publishing Corporation, 1978, pp. xx, 267, \$8.95).

Reviewed by
Michael J. R. Gaffikin
University of Sydney

There is a danger that scholars, attempting to research in an intellectual discipline in which they have had no formal training, will encounter problems with which they cannot cope. It is highly likely that many accountants wishing to undertake historical research will find themselves in this sort of situation. There are even examples of so-called historical works by eminent accounting scholars which are purely anecdotal or little more than descriptive chronologies. There is no evidence of the use of the "historical method"; which, of course, implies that there is an "historical method." Although some may claim that there is, an examination of the work of philosophers and historians, (in such journals as *History & Theory*) will show otherwise.

Lichtman & French (L & F) provide no answer. Their primary aim is, in their words, to communicate the "intellectual excitement found in the whole historical enterprise" (p.xii). Their book is not a philosophical treatise but a textbook setting out the methods of historical research that have been used by historians with a view to providing guidelines for the would-be historical researcher. There are interesting and useful chapters on the history of historical method, the new history and family and local history. Earlier in the book there is a chapter on historical inference in which some of the basic tools of historical research are defined. The final chapter suggests a method for writing up the research.

Although L & F may have consciously attempted to avoid contentious epistemological debate, by accepting certain methods of historical explanation, they are subsuming some of the issues which are at the core of the debates on historical method alluded to above.

These involve matters such as causality and covering laws. In fact, in a chapter on historical explanation, (Chapter 3) L & F actually claim these notions—covering laws and causality—are central to historical research. They casually dismiss any criticism of those notions. It can probably be argued that a textbook must take a stand on and be positive in discussing philosophically debatable matters. However, there must be some point at which these philosophical questions must be exposed to students relying on the textbook. I feel there is sufficient doubt over these questions to warrant some arguments against them being discussed. For these reasons, I felt dissatisfied with the authors' treatment of historical explanation (which is the core of historical research).

Causality is dependent on covering laws which are, in turn, dependent on the existence of scientific laws. If causality is indispensable to historical research then history becomes intellectually dependent on those disciplines in which the so-called scientific laws are determined. History becomes an inferior discipline. If there are no scientific laws where does this leave history?

Philosophers of science have recently been demonstrating that there are no immutable scientific laws. Ironically, some of those philosophers—the most well-known of whom include Kuhn, Lakatos, Feyerabend & Laudan—have shown that it is history that is important for developing an understanding of scientific knowledge. This is an inappropriate place to discuss this matter fully. Suffice it to say that there do exist views opposed to the notions of causality and covering laws.¹

There are other features of this book which are irksome. For example, there are no references given. On page 47, it is claimed that Michael Scriven has maintained the historian's need of general knowledge. No footnote or bibliographic citation is given. This is also true of the allusions, on pages 59 and 60, to the work of Alan Donagan as well as many others throughout the book.

Another feature which may be suitable for an undergraduate student but which a more sophisticated reader may find somewhat tedious is the extended metaphor of the detective—in particular Sherlock Holmes.

Overall, the enthusiasm for historical research of L & F is very apparent. The book is extremely readable and much of it is interesting and useful to the novices of historical research. So long as it is remembered that it is designed and written as a textbook for students of history, then this book is a useful addition to one's li-

brary. To this end, it is well worth recommending to accounting historians.

FOOTNOTE

¹These comments are necessarily somewhat superficial. There are several references that could be given to those wishing to pursue the argument. My own thoughts are contained in the paper I presented at the Third International Congress of Accounting Historians: Methodology for Historical Accounting Research.

Myron Samuel Lubell, *The Significance of Organizational Conflict on the Legislative Evolution of the Accounting Profession in the United States* (New York: Arno Press, 1980, pp. xii, 427, \$39.00).

Reviewed by
Frederick L. Neumann
University of Illinois at Urbana-Champaign

The title of Professor Lubell's dissertation alone should suffice as the abstract of its content, that is, if you recognize the accounting profession, as used here to mean public accounting. The organizational conflict referred to is both internal and external to the AICPA and that organization's predecessors. The legislative aspect is primarily a local affair since the profession is regulated principally at the state level. This does not mean that national organizations have not been involved, as the protagonist for this part of the story is the National Society of Public Accountants (NSPA). Much of Professor Lubell's presentation is an historical narrative about the on again, off again negotiations of recent years between these two adversaries.

After a description of legislative regulation and these two principal organizations, the author goes back to the late nineteenth century to trace the legislative and organizational history relating to public accounting in this country. The presentation highlights the conflicts at two levels:

Internal Conflict — Among CPAs

- 1885-1896 Early Patterns of Ideological Conflict — American Association vs Institute of Accountants
- 1897-1923 Professionalization Through Self Regulation or Licensing — American Institute of Accountants vs the Federation of State Societies of CPAs

- 1921-1936 Expanded Internal Conflict — The American Institute vs The American Society of CPAs
- 1936-1945 Termination of Internal Legislative Conflict — The merger of the American Society of CPAs and the American Institute

External Conflict — With Non-CPAs

- 1885-1896 Early Attempts at Recognition — U.S. vs British Auditors
- 1897-1923 Early Spread of CPA Legislation — Public Accountants vs Private Bookkeepers
- 1921-1936 Institutional Conflict — CPAs vs the National Association of CPAs
- 1936-1945 New Patterns of External Conflict — CPAs vs Non-CPAs
- 1945-1954 The Lines are Drawn — American Institute vs National Association of Public Accountants

The remainder of the text is devoted primarily to the latter conflict and chronicles the various attempts of the two groups to achieve a *modus vivendi*. The early attempts at negotiation between the AICPA and the NSPA, between 1954 and 1960, are summarized and, between 1960 and 1964, are described on a year by year basis. Professor Lubell concludes with a review of relations between the two from 1964 to 1976. In doing so, he relates developments on several fronts: the judicial, Federal government, and state legislative. Some observations about anti-trust possibilities are also made.

All of this is presented within the context of two sociological models of the professionalization process: a static attribute model and a continuum model. The former is identified as "a fixed listing of descriptive qualities that are generally characteristic of the recognized professions." The author cites several examples of this approach beginning with Abraham Flexner's model relating to social work, in 1915. Lubell summarizes these efforts and concludes by listing Greenwood's five elements: (1) systematic theory, (2) authority, (3) community sanction, (4) ethical codes, and (5) a culture. He also introduces Buckley's exchange model.

Professor Lubell notes some shortcomings of a static model and turns instead to a professional continuum model. He proposes a status spectrum ranging from "non professional" to "professional"

with Greenwood's five elements used to position various occupations. Professionalism in such a model is depicted as a somewhat "relative" phenomenon.

Lubell then raises an interesting chicken or egg type question as to whether attributes create professions or whether professions give rise to professional attributes. He notes that some groups have unsuccessfully sought to attain higher status by just attempting to acquire the attributes. He offers constraints such as those postulated by Goode, Barber, and Montagna as possible explanations of their failure.

The continuum model also better suits Lubell's evolutionary approach to professionalization. He describes Caplow's model of the sequence of events leading to professional status and contributes observations from sociologists such as Wilensky.

The identified constraints of his "barriers paradigm" are both internal (internal conflict and technological limitations) and external (competing occupations, legal barriers, and public opinion) and shift in emphasis with time.

The conclusion of this discussion is a multi-stage conflict model that provides an integrated conceptualization of professional evolution. In it, he lists four stages (nonprofessional, marginal, emerging, and generally recognized professional status), their primary objectives, sequence of professionalization, and constraints.

In his concluding remarks, the author introduces the consumer movement as a new and potentially powerful constraint confronting aspiring professions. This force, the author argues, provides a new dimension to the public service or altruism attribute of the profession. Public opinion, he maintains, is beginning to be felt. Sunset laws are offered as an example. Congressional inquiry and the concern of the Federal Trade Commission are cited as others. This two front campaign for survival by the CPAs against government agencies and the "politically astute" National Society of Public Accountants promises to be an interesting if not a tedious one. The author has provided us with a richly supplemented "program" which helps the reader to understand as well as identify the players and the stakes, against a broad background of historical evolution and sociological analysis.

Congress of Accountants. *Official Record of the Proceedings of the Congress of Accountants*, 2nd ed. (New York: Federation of Societies of Public Accountants, 1904, Reprint ed. New York: Arno Press, 1978, pp. 231, \$18.00).

Reviewed by
Robert G. Morgan
University of North Carolina—Greensboro

This publication contains the proceedings of the first International Congress of Public Accountants held at the World's Fair in Saint Louis, Missouri on September 26, 27 and 28, 1904. The Congress was held to provide an opportunity for every public accountant in the United States and delegates from the Canadian and British societies to gather in one place to discuss problems facing the profession. The Congress had an opening session and four technical sessions.

During the opening session Joseph Edmund Sterrett was elected permanent chairman and delivered the opening address; giving a brief history and the current developments in the profession of accounting.

The first technical session was devoted to municipal accounting. Harvey S. Chase delivered a paper entitled "A Brief History of the Movement Toward Uniform Municipal Reports and Accounts in the United States." Chase's paper briefly traced the history of municipal accounting. The second paper written by Henry W. Wilmont and read by George O. May was entitled "The Municipal Balance Sheet." In his paper, Wilmont outlined the objectives of the municipal balance sheet, described how the municipal balance sheet differed from a corporate balance sheet, and suggested a format for a municipal balance sheet. The third paper "Revenues and Expenses as Distinguished from Receipts and Disbursements in Municipal Accounting" was presented by Frederick A. Cleveland. In his paper, Cleveland defined what constituted a complete system of municipal accounting and described the difference in expenses and revenues as distinguished from receipts and disbursements. The fourth paper prepared by Ernest Reckitt was entitled "Appropriations in Respect to Municipal Accounting." In his presentation, Reckitt discussed the need for accurate appropriations.

The second technical session was devoted to the CPA movement in the United States. In this session George Wilkinson presented a three part paper entitled "The C.P.A. Movement and the Future of the Profession of the Public Accountant in the United States of

America." The first part contained a discussion of the CPA laws in force in 1904. Seven states—New York, Pennsylvania, Maryland, California, Washington, Illinois, and New Jersey—had passed CPA laws and eight other states had tried unsuccessfully to secure passage of CPA laws. Wilkinson was concerned that the CPA laws were not uniform from state to state and he suggested that uniform legislation was essential to the future of the profession. The second part of Wilkinson's paper was devoted to the question of audit companies. The third part described the need for a single unified national society of public accountants.

The third technical session consisted of two papers concerning the duties of the professional accountant. The first paper entitled "The Duties of Professional Accountants in Connection with Invested Capital Both Prior to and Subsequent to the Investment" was presented by Francis W. Pixley. In the paper, Pixley explained the status and responsibilities of professional accountants in the British Isles. Pixley cautioned his American colleagues that "Clients who lose their money have an unfortunate habit of trying to fix the blame on their professional advisers, be they lawyers, stockbrokers or accountants; and as a matter of ordinary precaution reports on investigations of every description . . . should be so carefully worded as to give the client no opportunity of being able to prove that the accountant neglected any portion of an investigation necessary to fulfil his duties efficiently."

The second paper entitled "The Importance of Uniform Practice in Determining the Profits of Public Service Corporations where Municipalities Have the Power to Regulate Rates" was delivered by Robert H. Montgomery. The thrust of the paper was that utilities must use proper accounting procedures if they are to successfully defend their rate structure in court.

The fourth technical session was devoted to accounting profits and audits. The first paper "The Profits of a Corporation" was presented by Arthur Lowes Dickinson. In the paper, Dickinson compared the corporate legal environment in England to that in the United States and described the different elements which enter into the determination of profits.

The second paper, presented by Walter A. Staub was entitled "Mode of Conducting an Audit." In the paper, Staub discussed the three main objectives of an audit which were identified as (1) detection of fraud, (2) discovery of errors of principle, and (3) verification of the mechanical accuracy of accounts.

I found the *Proceedings* to be an interesting and informative link in the development of the accounting profession. The accounting

practices and procedures described illustrate how far the profession has evolved in the last seventy-seven years, and yet many of today's generally accepted accounting procedures are only slightly changed since 1904.

The most valuable aspect of the book is the opportunity to read original writings by the early leaders of the accounting profession. These papers allow us to peek into their world and determine something of the character of these individuals. To me, these men are now more human and not just names in the history of accounting.