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## HISTORICAL NUGGETS

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### THE 1904 CONGRESS OF ACCOUNTANTS: NATIONAL OR INTERNATIONAL?

*Abstract:* The international accounting congresses, which are held every five years, are numbered under the assumption that the first such international gathering was the one held in St. Louis in 1904. In this paper, the question is raised whether this 1904 Congress should be called "international". There are reasons to believe that the main objective of the congress was to raise the status of the profession in the United States, and that the slight international involvement was little more than window dressing.

#### *Introduction*

The 1904 Congress of Accountants, held in the United States at St. Louis, Missouri, is usually credited with being the first international accounting congress. It is certainly treated as the first, from the point of view of numbering subsequent congresses. It is viewed as an important stage in the recognition of the international aspects of accounting.<sup>1</sup> There is, however, doubt whether its organizers ever saw it as an important international event, and whether the international aspects of the Congress were more than window dressing for domestic consumption.

The public accounting profession in the United States only began to develop at the end of the nineteenth century. The 1904 Congress was organized under the auspices of the Federation of Societies of Public Accountants. This body was founded in 1902 and was far from being the only professional accounting body in the United States at that time. There was considerable competition among the different bodies, and the 1904 Congress was designed to raise the status of the Federation in the United States. An invitation to send representatives, addressed to a few professional bodies in foreign countries, can be seen as an attempt to give the Congress and the Federation added prestige.

*History of the Congress*

That it is now referred to as an international congress is in a way accidental. The Congress was not called an international congress at the time it was being planned. The Federation had held its first convention, in 1903, in Washington, D.C. There the proposal was made, to hold the next annual convention in St. Louis, where the World's Fair would be taking place. This decision, to hold it at the World's Fair and to invite a small number of representatives from other countries, clearly began to give it an international flavour.

During 1904, a number of references were made in *The Accountant* (London) to the St. Louis Congress. On February 6th, that journal contained an announcement of the forthcoming Congress. The Federation announced that the Congress was to be held and hoped not only that it would attract a large number of Americans, but also a large number of professional accountants from foreign countries. *The Accountant* made the point that "The plan is a very ambitious one, and if carried out successfully will help to obtain for the profession of the Public Accountant in America, a larger and more general recognition by the public and business community generally."<sup>2</sup>

The preliminary notice issued by the Federation about the forthcoming Congress stated that it was proposed to invite several societies of professional accountants in other countries to send at least one of their number to represent them. The preliminary notice made clear that the Congress should be of considerable interest to all members of the profession and, further, "will also assist in making the profession, and its value, more widely known throughout the country, and to help establish it more firmly as one of the recognised learned professions."<sup>3</sup>

*How International Was The Congress Meant To Be?*

*The Accountant* (February 20th, 1904) was interested in the opportunity for an international exchange of views, "There seems no reason why the Congress should not be a notable event."<sup>4</sup> In an earlier editorial, the suggestion had been made that American accountants should invite United Kingdom practitioners to go over and see what they were doing, but it was admittedly made in only half-seriousness, and the journal was surprised that the Americans had acted upon it with such promptitude. In an editorial of April 9th, the possible dual aspects of the conference were referred to. "In particular, it would be interesting to know whether all the demonstration is to be confined to American practitioners, or whether it

is proposed to make the Congress international in the true sense of the term.”<sup>5</sup> The Editors were worried that the full particulars of the conference had not yet been announced. The organisers had indicated in the original announcement that they would invite many businessmen and financiers to the conference. *The Accountant* was very critical of this approach: “. . . if the whole object, or even one of the chief objects, of the Conference, is to advertise professional accountancy for the benefit of American practitioners, the whole matter assumes a very different complexion and it will remain to be seen whether any practitioners outside America will think it worthwhile to assist in such an endeavour.”<sup>6</sup> The editorial made the point that there was doubt as to whether the gathering was to be that of a learned society trying to advance knowledge, or was to be “for the advancement of business.”<sup>7</sup> “We quite appreciate that from the point of view of business pure and simple there is something in our contemporary’s suggestion as to the advantage of inviting outsiders.”<sup>8</sup>

Clearly there was concern, therefore, as to the true nature of the Congress. In the edition of May 28th, *The Accountant* reproduced the preliminary announcement and program of the Congress. The program was still little more than a skeleton, but the journal admitted that, even as it stood, it presented several points of concern.<sup>9</sup> Seven papers were to be read, but the authors of six of these papers were still unknown at this point. It was proposed that one of the papers would be prepared and approved by a Committee, and the journal remarked that papers written by committees can be somewhat colorless. The editors were still worried that the announcement stated that various papers would be read by accountants of world-wide reputation, but at that moment no announcement had been made as to who they were. Provision was made for one paper to be given by a European accountant. This preliminary announcement also mentioned that the English, Scottish, and Canadian societies of accountants would be invited to send representatives to the Congress and that men prominent in government and financial circles would be invited to attend the sessions and entertainment. So, rather than inviting people from many foreign countries, the federation now limited this to three. The organizers were also persisting with the idea of inviting prominent non-accountants.

In the July 23rd edition of *The Accountant*, it was reported that the Council Meeting of the English Institute of Chartered Accountants had announced that it had been invited to nominate a representative to read a paper at the Congress. *The Accountant* felt that the Americans had left it rather late to ask a busy practitioner to

prepare an important paper to be delivered in a little over two months' time, one month of which would ordinarily have been devoted to a vacation. This editorial went on to say, however, "it is satisfactory to note that the profession in this country will be represented at what may fairly be described as the first International Congress of Professional Accountants."<sup>10</sup>

### *International Participation*

The opening address at the Congress, which commenced on September 26th, was given by the president of the exposition company, The Hon. D. R. Francis. He emphasized the international aspect of the World's Fair, but the words he used to do so were not particularly well chosen. "We have participating . . . [in the exposition] . . . practically every State and Territory of the United States, as well as every civilized country on the globe, and we have in addition to that many primitive races represented here."<sup>11</sup> He made clear that the object of the exposition was the celebration of a great event in the history of the United States, namely "the rounding out of the first century of the domination of the United States Government over this vast territory lying west of the Mississippi River."<sup>12</sup>

The Chairman of the Congress, J. E. Sterrett, mentioned in his address that when the idea of the Congress was discussed in 1903, the organizers decided that every public accountant in the United States should be invited to attend, and in addition, the Canadian and British Societies should be invited to send delegates.<sup>13</sup> In his address, Sterrett indicated that it was an international congress, but the word was used descriptively rather than as a title. Papers were given to the Congress by representatives of the English and Canadian accounting professions. The representative from Scotland unfortunately did not arrive, as he was taken ill on his way to the Congress. Most of the papers given at the Congress were relevant only to the U.S., with great emphasis being placed on municipal accounting.

The representative of the English Institute, F. W. Pixley, introduced his paper with the words "As the representative of the leading Institute of Professional Accounting in the Old World."<sup>14</sup> It was just as well that it was not really an international conference, as his concluding remarks emphasized how the Saxon race had always been characterised by being honest and straightforward in its dealings. He hoped that one of the results of the Congress would be "the elevation of the profession in the eyes of the world, and that the professional accountants of the UK and US will work together,

not only for mutual advantage but for the benefit of those who on both sides of the Atlantic may rely on their professional assistance."<sup>15</sup>

There was, in fact, at least one surprise. On the last day of the Congress, it was announced that E. Van Dien from Amsterdam was present; he had not been sent by his professional society, but had decided that the event was of importance and so wished to attend. He was introduced to the audience and said a few words about the status of accounting in The Netherlands. His presence turned out to be important, as it was this E. Van Dien who was the driving force leading to what has become known as the Second International Congress. This 1926 Congress had clear international objectives.

J. Martin, a representative from the United Kingdom of the Society of Accountants and Auditors, when addressing the Congress, wished the Federation every success in their endeavors to obtain State recognition. Such recognition had already been given by a number of States. "I hope this is only a prelude to what I shall term national recognition."<sup>16</sup> The Congress had 91 registered participants of whom seven were Canadian, two were from the United Kingdom and one from The Netherlands. The remaining 81 were from the United States, two of whom had strong U.K. connections.

### *International Recognition*

A report on the Congress appeared in the December 10th issue of *The Accountant*. It was introduced by the words "The demands upon our space caused by the recent Autumnal Meeting at Liverpool have made it impossible for us to consider earlier the Congress of Accountants of St. Louis, USA which was held on the 26th/27th and 28th last."<sup>17</sup> There had been reports of the Congress in the 15th and 22nd October editions.<sup>18</sup> "As had already been stated, this Congress was noteworthy as being the first international assemblage of professional accountants, and although in the numbers of those attending it fell far short of our expectations, yet the papers delivered remain as evidence of an event which will always be regarded as noteworthy by those who have taken any part in it."<sup>19</sup>

In the December 24th edition of *The Accountant*, the leading article made the point that "perhaps the most remarkable feature of the St. Louis Congress was the large proportion of papers devoted to the Accounts of Local Authorities."<sup>20</sup> *The Accountant* appreciated that these papers had only limited concern to its readers, who were concerned only indirectly with the movement towards uniform-

ity in the States "but in as much as the problem which faced accountants in the States is in all essentials the same problem that presents itself here, the experience of our American friends is by no means without interest."<sup>21</sup>

A significant "international" paper was given by A. L. Dickinson, who was at the time a partner in both U.S. and U.K. firms of accountants. His topic was the profits of a corporation and it was a comparative paper, contrasting the position of the U.K. with that of the United States.<sup>22</sup> In this paper he dealt with the problems of fluctuations in exchange rates and consolidating earnings statements, both topics which were to be discussed at many future congresses. Only this one paper, therefore, can be said to fall within the field of what we would now regard as international accounting. The Congress did, however, provide the opportunity for a limited international exchange of views.

The Second International Congress was held in Amsterdam in 1926. The desirability of holding such a Congress had been discussed at Council Meetings of the Netherlands Institute of Accountants in 1923 and 1924, and that Institute had held discussions with accounting bodies in the U.K. and France, who were sympathetic to the idea, and who were willing to cooperate in the venture. The second Congress was clearly an international accounting meeting. Accountants were there from seventeen countries, including Russia. One of the objects of the Congress was "to offer the opportunity for an International exchange of views regarding subjects which concern Accountancy and Efficiency and thereby hopes to work towards International rapprochement in order."<sup>23</sup> This "international rapprochement" is now known as harmonization. Another of the objectives was "to further the mutual acquaintance with, and the uniformity of the method of working of, Accountants in the various countries."<sup>24</sup> A third objective was "to propagate views that can be adopted internationally regarding problems concerning the science of costs calculation and principles of efficiency."<sup>25</sup> Clearly the Amsterdam event was planned as an international Congress. The St. Louis Congress, on the other hand, seems to have been motivated primarily by national considerations.

#### FOOTNOTES

<sup>1</sup>For discussion on this point, see Previts and Merino (1979) p. 143 and Mueller (1979) pp. 2-3.

<sup>2</sup>*The Accountant*, vol. xxx, p. 195 (until 1924 the subtitle of the journal was "The recognised weekly organ of Chartered Accountants and Accounting throughout the world").

- <sup>3</sup>*The Accountant*, vol. xxx, p. 195.
- <sup>4</sup>*The Accountant*, vol. xxx, p. 241.
- <sup>5</sup>*The Accountant*, vol. xxx, p. 460.
- <sup>6</sup>*The Accountant*, vol. xxx, pp. 460-461.
- <sup>7</sup>*The Accountant*, vol. xxx, p. 461.
- <sup>8</sup>*The Accountant*, vol. xxx, p. 460.
- <sup>9</sup>*The Accountant*, vol. xxx, pp. 730-732.
- <sup>10</sup>*The Accountant*, vol. xxxi, p. 96.
- <sup>11</sup>Proceedings of the Congress (1904), p. 15.
- <sup>12</sup>Proceedings of the Congress (1904), p. 19.
- <sup>13</sup>Proceedings of the Congress (1904), pp. 23-33.
- <sup>14</sup>Proceedings of the Congress (1904), p. 122.
- <sup>15</sup>Proceedings of the Congress (1904), p. 141.
- <sup>16</sup>Proceedings of the Congress (1904), p. 35.
- <sup>17</sup>*The Accountant*, vol. xxxi, p. 704.
- <sup>18</sup>*The Accountant*, vol. xxxi, pp. 388-426 and 443-471.
- <sup>19</sup>*The Accountant*, vol. xxxi, p. 704.
- <sup>20</sup>*The Accountant*, vol. xxxi, p. 761.
- <sup>21</sup>*The Accountant*, vol. xxxi, p. 762.
- <sup>22</sup>The Proceedings of the Congress (1904), pp. 171-191.
- <sup>23</sup>Proceedings of the Congress (1926), Forward, p. xiii.
- <sup>24</sup>Proceedings of the Congress (1926), Forward, p. xiii.
- <sup>25</sup>Proceedings of the Congress (1926); Forward, p. xiii.

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