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ACCOUNTING GREATS IN THEIR TIME — A PERSONAL DIARY

by

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In this writer's career paths, two centers of accounting education stand out for reminiscing: the bay area California schools at Stanford and Berkeley; and the Chicago area schools at the University of Chicago and Northwestern. Included in each reference are the accounting greats who were active as professional practitioners in the region. This small group of individuals and the places in which they labored must be said to have contributed significantly and selflessly to the status, prestige, and public esteem of accountants and accounting in their time. Like others before, during, and since their time, this group deserves to be included as developers of accounting thought, as expounded and as professionally practiced, to the position it has achieved today, as one of society's great moral and educational forces, that will grow even greater with time. The reminiscing represented here is the years between the two world wars, spilling over for some ten more years beyond.

The California Bay Area

At Berkeley, Henry Rand Hatfield (1866-1945) received the A.B. degree in 1892 and later, the LL.D. degree, from Northwestern, and the Ph.D. degree in 1907 from the University of Chicago. After four years in investment banking (1894-1898), he transferred to academia until retirement in 1937. Hatfield was the first dean of the school of business of the University of Chicago, and after two years moved west in 1904 to the University of California, Berkeley, where he served as professor of accounting, and held two deanships, first as the senior dean with the title of dean of faculties, and then as dean of the college of commerce, including switches between the two deanships in the intervening years. He was Dickenson Lecturer at Harvard in 1942.

In Berkeley, Hatfield was president of the local Commission of Charities for several years. World War I took him to Washington where he held an important

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directorship in the War Industries Board and Advisory Tax Board. Back in civilian life, he was one of the early presidents of the American Accounting Association (1918), and a vice president of the American Economic Association. As a member of Phi Beta Kappa, he held offices in the organization both locally in Berkeley and nationally. His club memberships included the Berkeley Club and the Commercial Club of San Francisco.

Publications began with his pioneering textbook, *Modern Accounting* in 1908, followed by a successor edition in 1927. Both editions displayed a generous discussion of the contemporary views of other authors, which provided a good sampling of thinking of other important authorities of his time. The editions also were noted for their delicacy of touch, humor, and keen knowledge of a field struggling to establish itself for all to see and evaluate.

Hatfield also wrote in collaboration with others. He wrote, with T. H. Sanders and Underwood Moore, the first attempt at stating basic accounting principles for the attention of the accounting profession and accounting educators, in 1938. His other works included a textbook for the field (with T. H. Sanders and N. L. Burton) in 1940, and a short study entitled *Surplus and Dividends*, the latter addressed to the kinds of surplus logically or legally available for dividends in cash or issuer's shares.

Hatfield was the most important single academician to read accounting literature in the original German language and discuss it in his seminars and let it influence his thinking in his early writings.

In San Francisco, John F. Forbes (1876 - 1965) devoted his entire career to public accounting, with a strong attachment to the University of California,

Forbes was a member of the California Bar, one of the state's early CPA's, and a recipient of the LL.D. from the Berkeley institution in 1964. The central point of his energies was as partner of Haskins and Sells, 1910 to 1931, and later as senior partner of the firm bearing his name. He resisted moving to Haskins and Sells' headquarters in New York City, preferring to fly back and forth from San Francisco. Forbe's public accounting career was rewarded with his election to the presidency of the AICPA.

With the heavy responsibility of high offices in the accounting profession, notwithstanding, Forbes found time and interest in additional activities from time to time, such as vice president and director of the First National Bank of San Rafael, as a director of Green Investment Company, Newhall Land & Farming Company, White Investment Company, Cypress Abbey Company, and president and director of Grant Company. He also held directorships in the following: California, Inc., Union Square Garage, Stanford Research Institute, Grant Estate, Golden Gate International, San Francisco Symphony Association, Mechanics Institute, Children's Hospital, San Francisco Boys Club, and others.

His club memberships reflected an abiding devotion to extracurricular public programs represented by Pacific Union, Bohemian, San Francisco Golf and Country, Olympics, Meadow; Sierra, Stock Exchange, Tamalpais, and Broad Street (N.Y.)

At Stanford, John Bennett Canning (1884 - 1962) suggested, like Hatfield before him, that *valuation* is the central question to resolve in defining the domain of accounting theory. It was not until a generation later that historical cost was accepted as the valuation basis for opera-

tional assets. Keegan produced the physical product or perform a service. Canning's 1929 book, *The Economics of Accountancy*, was preoccupied with this problem. Except for short stints of teaching at other institutions, Canning's entire academic career was spent at Stanford. He received his first degree from the University of Chicago in 1913, and the Ph.D. from the university later, in 1929, long after he began teaching. At Stanford, he initiated a group of courses in accounting through the Division of Accounting with the Department of Economics. The arrangement continued throughout Canning's tenure at Stanford. The founding of Stanford's Graduate School of Business in 1929 did not affect Canning's program, and the two organizational units operated independently of each other. This writer was a student assistant of Canning while working for the MBA degree a few hundred feet away in the Stanford Business School.

Canning's interests besides teaching took him into a great variety of experiences, first as an associate of the famed Stanford Food Research Institute, and later into other fields. During the second world war and after, he served the federal government in the War Food Administration of the Department of Agriculture, and also as deputy chief of the Food and Agricultural Branch of the U.S. Military Government in Germany.

His published articles appeared in *Econometrics*, in the *Journal of the American Statistical Association*, in the *American Economic Review*, in the *Accounting Review*, and in various scholarly Proceedings and Encyclopedias. His activity in public affairs included advisor in drafting legislation for California's health insurance, as examiner for the California State Board of Accountancy (1921 to 1929), and as president of the Pacific Coast Economic Association in 1937. Canning had the distinction of serving in both

in the world war. A personal diary in the U.S. Army, he saw overseas duty in the infantry in France until the war ended.

At Stanford, J. Hugh Jackson (1891 to 1962) was the second Dean of the Graduate School of Business. He became Dean in 1931, only a few years after the School was founded, and continued as Dean until his retirement in 1956. In an innovation not used elsewhere, Jackson named his part-time faculty consulting professors, followed by the teaching field in each case, in order to provide a closer relationship with practicing professionals in San Francisco and other business centers. The concept continued for an extended period of years.

He received the A.B. degree in 1912 and the LL.D. degree in 1930 from Simpson College, and the MBA degree (with distinction) in 1920 from the Harvard Business School, where he taught most of the time as a full professor until he transferred to Stanford in 1926. At Stanford, he served as the university's comptroller and business manager, 1937 to 1940, at the same time that he was also Dean. He was among the finalists to become president of the university from time to time as vacancies occurred, and served for several years as professor of business administration at nearby University of Santa Clara, following retirement from Stanford. Among his distinguished professor lectureships were the Vawter Foundation lecture at Northwestern University, and the Dickenson lecture at Harvard Business School.

Jackson also served in other capacities, as a director of the Palo Alto Mutual Savings and Loan Association, North American Investment Corp., Teachers Insurance and Annuity Association of New York, College Retirement Equities Fund, among others. He was president of the American Accounting Association in 1929, the National Association of Cost

Accountants in 1938, and the American Notebooks, Vol. 12, 1989, New World Association of Collegiate Schools of Business in 1940. In the Kiwanus club, his activity led to the following offices: governor of the California-Nevada District, in 1942; international trustee, in 1946; international treasurer, in 1948; and international president, in 1949.

His writing and publishing record extended over several decades. The titles included *The Comptroller Functions and Organization*, 1948, and *Accounting Principles*, 1951.

The Chicago Area

In Chicago the accounting greats in this group lived and worked in a more or less state of ambivalence, meaning in a state of conflicting feelings of whether they should be teaching or writing or being practicing CPA's in public accounting. Each permitted an intensity of interest in writing or public accounting in preference over teaching, but apparently were never quite satisfied with foregoing teaching.

Harry Anson Finney (1886-1966) received the degree of Ph.B. in 1913 from the University of Chicago, and the CPA certificate from the State of Illinois in 1917. In college, he majored in business english (communication) and business mathematics, which were to refine his native gifts of teaching and writing in his chosen field of accounting. From the earliest time of his adult life, he became associated with Seymour Walton, the able head of a proprietary accountancy training school bearing his name: The Walton School of Commerce in Chicago. Finney's experience as a student at Walton, and as staff writer of accounting texts for use in Walton's classes and in the affiliated nationally operating correspondence courses, prepared him for publishing accounting textbooks for the mass markets in English and several foreign languages. His achievement was second to none in the

period between the New World wars, and afterwards to 1960.

Surprisingly, Finney's intermediate and advanced volumes appeared before the elementary volume, which was not published until 1932, compared with the two-volume work published in 1923. The reason for the delay as explained by those who knew him, is that the intermediate and advanced volumes had the benefits of his work with the Walton texts earlier, while the elementary text was written from the ground up, and with innovations original with him. These books went through multi-editions, with the help of Herbert E. Miller, as co-author in later editions.

Finney's teaching after the Walton years was limited to Northwestern University, in full-time and part-time roles, for several decades beginning with the 1920's. In other interests, he served for some time as partner in the CPA firm of Baumann, Finney & Company; as editor of the Prentice-Hall Accounting Series; and as editor of the students' department of the *Journal of Accountancy* from 1920-1929, famed for unofficial answers to the semi-annual CPA examination set by the AICPA. He also wrote a popular accounting text for high school students in 1924, and earlier wrote *Modern Business Arithmetic* with J. C. Brown and *Introduction to Actuarial Science*, with Seymour Walton, both for the high school field and working adults.

Finney found time for one country club, the Shawnee. And although a member, he almost never attended the annual meetings of the American Accounting Association, probably because he felt out of touch with the teaching profession, although the latter held him in high esteem for creating such teachable textbooks that so many of them used. The one professional office that he held was as president of the Illinois Society of

CPA's. He was basically a private person, limiting his after hours to the immediate circle of his professional associates.

Arthur Andersen (1885-1947) earned the B.B.A. degree in 1917 at Northwestern University, by taking evening classes, while also working in accounting during the day. Earlier, he received the CPA certificate from the State of Illinois in 1908, preparing for it through evening classes at Northwestern and self-study. In later years, he was showered with the LL.D. degree from Luther College, Northwestern, St. Olaf College, and Grinnel College, in that order. His working life began in 1907 as a member of the staff in the Milwaukee office of Price Waterhouse, which continued for four years. After being comptroller of Uihlein Company in Milwaukee for one year, he moved to Chicago and in 1913, opened the office bearing his name, and as senior partner spent the rest of his life with the firm. In an unusual situation, Andersen served Northwestern in various capacities, some of them overlapping, as student, faculty member, and accounting department chairman, from 1912 to 1923, and in a later year, as the president of the university's board of trustees.

He was a trustee of the Century of Progress (Chicago's world fair) in 1933 and 1934, and the Chicago Sunday Evening Club, and a Commander of the Royal Order of St. Olav, Norway. His memberships included the Society of Industrial Engineers; U. S. Chamber of Commerce; the Chicago Art Institute; Norwegian-American Historical Association; and Illinois State Historical Association. His clubs were: Chicago, University, the Attic, and the Commercial, in Chicago, and the Broad Street, in New York. To these must be added several country club memberships, though it is not known how much time he had for them.

His interest in writing is found in a

number of published papers, some of which were extensive enough to be booklets: *Overhead Construction Costs in Public Utilities* (1917), *Financial and Industrial Investigations* (1924), which was expanded in later years by others at Northwestern University into a full textbook and used for a time, *Major Problem Created by the Machine Age* (1931), *Duties and Responsibilities of the Comptroller* (1934), *The Future of Our Economic System* (1934), and the *Presentation and Interpretation of Financial Statements* (1935). In addition to these discussions, he also contributed several articles for publication in technical journals. That he made time for professional writing in addition to everything else reveals the degree of devotion that made up the Andersen character in discussing management concepts and problems in broad contexts. He advocated the free flow of ideas by other professionals, and directed his firm to furnish grant money if their publication was not otherwise possible.

Eric L. Kohler (1892-1976) was a graduate of the University of Michigan, in 1914, with the A.B., degree, and of Northwestern University, in 1915 with the M.A., degree. He received the C.P.A. certificate from the state of Illinois in 1916, and was elected to the Accounting Hall of Fame in 1962.

Kohler's professorial services began in the 1910's at Northwestern University and continued for several years as a full professor. In subsequent years he held several visiting professorships: at Ohio State University, 1955 - 1960; and for shorter periods afterwards, at the University of Minnesota, University of Chicago, and University of Illinois. All the while, he was engaged part-time or full-time in public accounting for several decades: with Arthur Andersen & Co., during 1915 - 1917, 1919 - 1920, and 1933 - 1937; as partner

in the firm of Kohler, Pettiniglia & Co. and later in the firm of E. L. Kohler & Co., in association with his brother, also a CPA, as co-partner. Those who knew him recall that clients were drawn to his firm more by seeing his tax and accounting books on display in book stores, than other ways. However, he preferred to continue his firm as a relatively small organization in Chicago, in order to allow him more time for writing and consulting on accounting standards in public accounting and also in government accounting and auditing.

Kohler's additional activities included: member, Illinois State Board of CPA Examiners, 1928 - 1931; comptroller, Tennessee Valley Authority, 1938 - 1941; consultant, Office of Emergency Management, and also War Production Board, 1941 - 1942; executive officer, Petroleum Administration for War, 1942 - 1944; comptroller, Economic Development Administration, 1946 - 1949; and member, Excess Profits Tax Council, Department of the Treasury. He was young enough to serve in the first world war, as captain in the U.S. Army, and not too busy, it seems, to be a trustee of Roosevelt University in Chicago, for many years beginning in 1950.

Writing and editing persevered throughout the life he lived, and he authored the following, among others: *Accounting Principles Underlying Federal Income Taxes*, which went through three editions in the 1920's; *Accounting for Business Executives*, 1927; *Advanced Accounting Problems*, which had three editions, 1939, 1947, and 1959; *Principles of Auditing*, with editions in 1947, 1954, and 1963; *A Dictionary for Accountants*, 1952, and later editions reflecting a long-time interest in terminology in the field; *Accounting in the Federal Government*, 1956; and *Accounting for Management*, 1965. His editorship of the *Accounting*

Review covered the years 1928 - 1944.

Kohler served as president of the American Accounting Association in 1936 and again in 1946. He was the only president to serve two terms. He was a member of the City Club in Chicago, and was its president in 1934, and an accomplished pianist, a hobby that he claimed kept him from getting to know too much about accounting.

Clarence Rufus Rorem (1894 - 1988) was a unique member of this group, in that his appetite for scholarship saw it developed in a single field, the management of public health care in hospitals, though he did not make this career as exclusive as it sounds.

Rorem received the A.B. degree cum laude, from Oberlin College in 1916; the certificate of CPA from the state of Indiana in 1923; the degrees of A.M., in 1925, and the Ph.D., in 1929 from the University of Chicago. In 1935, he received the LL.D., from Yankton (South Dakota) College. His working life began with one year with Goodyear Tire in 1916, three years, 1919 to 1922, as assistant professor and dean of men at Earlham College in Indiana; followed by teaching at the University of Chicago in various ranks to associate professor to 1929, when he also received the Ph.D., degree from that institution.

Rorem entered his years of practice as an economist and accountant in the field of costs, cost behavior, and cost management, initially with the Commission on Cost of Medical Care, in Washington, D. C., from 1929 to 1931. His interests in the field continued with the Julius Rosenwald Fund in Chicago from 1931 to 1936. Then followed a ten-year period with the American Hospital Association, to 1946, as its director of the Commission on Hospital Service; a one-year period as consultant to the Blue Cross Commission; and from 1947 to 1960 as the director of

the Hospital Council of Philadelphia. As it is recalled, Rorem was credited with inventing the emblem, Blue Cross, growing out of his travels to the Scandinavian countries after the first world war.

Conventional retirement age did not prevent Rorem from accepting subsequent appointments: executive director, Hospital Planning Association of Allegheny County; also as consultant to various government and private organizations regarding public health care management, until he reached a ripe old age, actually living until age 94. Earlier, he saw military service in World War I, rising to the rank of second lieutenant in the U. S. Army. His memberships included Phi Beta Kappa.

His publications were numerous, especially papers read before conventions in the public health field, and book length writings on problems in management and financing of health care institutions, always including accounting classifications in recording and reporting balance sheets and operating statements, as controllership standards. Related to these problems he designed uniform classifications of accounts for adoption. His book on modern accounting principles was published by the University of Chicago Press in 1928 and 1930 editions; later, a successor book was published in 1942 by McGraw-Hill, with the collaboration of this writer. The book carried the same title in all of its editions, *Accounting Method*, as a contrast to statistical method in another discipline.

Howard W. Bordner was born in 1900, and it was his lot to serve in both world wars in the American army and navy. He received the B.S. degree with a major in accounting from Northwestern University in 1922, followed shortly with the CPA certificate from the State of Illinois in 1924. He joined the staff of Arthur Andersen & Co., upon graduation from

Northwestern, and rose to the position of a manager before joining the navy at the beginning of the second world war. His navy career was spent in war contract renegotiation, which examined the financial statements of war contractors to determine if excessive profits were made by them in terms of the federal law passed to recapture the profits.

Bordner never returned to public accounting, preferring to go into federal service, first as deputy director of auditing in the General Accounting Office (GAO), in Washington for a few years, and afterwards as a deputy comptroller of the Department of Defense, responsible for accounting, finance, and audit policy, until his retirement in 1962.

Like Rufus Rorem in the public health care field, Bordner devoted all of his energies to a single field, once he entered it, and again like Rorem, achieved enormous knowledge of his chosen field, the federal financial system of budgeting/accounting. Unlike the experience of Rorem, he faced the obstacles of political forces in attempting to implement the concepts and procedures necessary for improvements of the financial system of the national defense establishment. His 16-year service in the Department of Defense produced a record of indefatigable effort in organizing and directing the staff provided for him. He personally got involved in writing several book-length texts on major operating areas of the Department. One of these books addressed the area of military construction, and another dealt with the area of operation and maintenance. Both were published by the U.S. Government Printing Office, and several others on procurement, personnel, and medical services, and the like, were well along in the planning and writing stages, when he retired.

Bordner turned to publishing the concepts that guided him in his pragmatic

endeavors, trusting that the effort would pass on the torch of the accounting art to future comptrollers in government. The scope of these writings is fully displayed in the following:

- Organization of the Executive Branch of the Federal Government, 1948, (a)
- Financial and Accounting Administration of the Federal Government, 1949, (a)
- Accountants Guide to Procurement in the Department of Defense, 1950, (a)
- Aspects of Pricing Negotiated Government Contracts, 1951, (c)
- Federal Government Accounting Principles, 1954, (d)
- Defense Department Policy on Accelerated Amortization as a Contract cost, 1953, (b)
- Defense Department Views on the Cost Basis of Government Contracts, 1955, (d)
- Appropriations and Funds, 1957, (b)
- Defense Department Program for Improvement of Operation and Maintenance Financial Management, 1960, (d)
- Fund Concepts as Accounting Postulates, 1961, (b)
- Impact of Regulation 100 on Accounting in the Federal Government, 1962, (d)
- Structure of Accounts for Appropriated Funds, 1963, (d)
- Consolidated Financial Statements of the Federal Government - What Does it Mean?, 1977 (d)
- Improving Financial Reporting to the Public in Local Governments, 1982, (d)

(a) Accounting Review; (b) Journal of Accountancy; (c) AICPA; (d) Government Accountants Journal

He founded and was the first editor of the *Federal Accountant*, which later was renamed *The Government Accountants Journal*. Earlier, he was an officer of the American Society of Military Comptrollers, and was for several years editor of its magazine.

Howard C. Greer (1894 - 1984), like Rorem and Bordner, chose comptroller-ship for a career, and like them, rose to eminence as a practitioner and writer. Greer received the A.B. degree from Northwestern in 1915, the CPA certificate from the state of Illinois in 1920, and was elected to Phi Beta Kappa while a student at Northwestern.

His earliest affiliation was with Arthur Young & Co., as a staff accountant in the Chicago office, 1919 - 1922. This was followed as an accounting professor at Ohio State University, 1922 - 1927, and at the University of Chicago, 1929 - 1938. His teaching years did not prevent him from finding time as an accounting practitioner, and the after-years saw him in comptrollership positions, and other activities, until retirement.

Greer's achievements include the research he did and published as an executive of the American Meat Institute in Chicago, 1927 - 1939, involving cost management, profitability problems in the meat packing industry, and the broader aspects of the economics of this industry. He became vice president and general manager of the meat packing firm of Kingan & Co., 1939 - 1949, located in Indianapolis, and a member of its board of directors, 1940 - 1950. Other affiliations included treasurer of the Chemstrand Corporation, and a director of the Chicago and Indianapolis Coal Company, each for a number of overlapping periods of years.

He was president of the American Accounting Association in 1932, and a director of the National Association of Cost Ac-

Kerrigan: Accounting greats in their time -- A personal diary countants, 1945 - 1948. As busy as he was in his active years, he published the following books: *Chain Store Accounting*, 1924; *Accounting for Retail Furniture Stores*, 1926; *How To Understand Accounting*, 1928; *Cost Accounting Problems* (with R. S. Wilcox), 1931; and *Accounting for a Meat Packing Business* (with Dudley Smith), 1943. Ever a willing speaker when asked, Greer was a spell-binder of an orator whose skills made live material of dry subjects.

This concludes my reminiscing. Hopefully these thoughts will interest others in the lives of the great men who developed our profession in the early part of this century.

**MEMORIAL
THE LATE EMERITUS PROFESSOR
KOJIMA (1912-1989)**

Osamu Kojima, Emeritus Professor of Kwansai Gakuin University (Kobe, Japan), died on February 21, 1989, at the age of 76, at Osaka University Hospital. Last June he suffered a heart attack from which he appeared to have recovered, but he passed away after another attack. May he rest in peace.

In keeping with Professor Kojima's desire to have an accounting history course offered in many Japanese universities, he founded the Accounting History Association (AHA). He was the first president of the AHA and set the direction for the organization to follow.

Professor Kojima dreamed of participating in the Sixth World Congress of Accounting Historians in Kyoto in 1992. To our regret, he died before his dream could come true. His colleagues will attempt to carry out his plans.

One of Professor Kojima's major contributions was to examine accounting

history in Europe by studying original materials and documents. His methodology was unique; most researchers based their work on copies of materials available in Japan.

Most historical studies of accounting were based on investigation of bookkeeping in Italy. Professor Kojima, however, studied the influences of Italian bookkeeping in other countries, including England and Scotland, as a bridge to the history of modern accounting.

In addition, Professor Kojima emphasized the socioeconomical background in his study of accounting history. For example, he provided evidence to support the theory that the emergence of a bookkeeping procedure depends on socioeconomic conditions of the society. From his reading of secondary materials, he noted how merchants in early times managed their work.

Professor Kojima was also interested in the development of bookkeeping systems. He believed that because the development of accounting, divisions, and generalization of journals and ledgers have not yet been completely traced, the current structure of bookkeeping and its essential function cannot be explicitly understood.

At the time of his death, Professor Kojima's interest was accounting history in America in the 19th and 20th centuries.

Submitted by: Yoshihiro Hirabayashi

Osaka City University
(He will be the host of the 1992 World Congress of Accounting Historians)