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EDWARD STAMP: THE AUSTRALIAN CONNECTION

by

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There could be little dispute about the fact that the late Edward Stamp was inextricably involved with events surrounding the formation of the Accounting Standards Board as it came to be called in the United Kingdom. However, the power of his influence and the background driving his activities are matters of contention. This note suggests that commentators, while focusing on the United Kingdom, may have overlooked an important factor in the Australian connection.

J.R. Edwards, in a paper initially prepared for the Festival of Accounting 1994 in Edinburgh, endeavored to survey "Financial Accounting Practice 1600–1970." Edwards refers to Stamp's interview by an editorial writer for the financial section of *The Times*. Edwards asserts correctly that the accountancy profession was shaken by Stamp's criticisms published in *The Times*, September 11, 1969. In Stamp's own words, he had reckoned without the peculiar and penetrating impact of *The Times* on the British Establishment¹.

Edwards implies that an academic article written by Stamp, critical of accounting and the accounting profession, was a starting point, but does not precisely identify the article. It is possible to suggest an earlier starting point in Australia in 1965, but first it is necessary to provide a brief historical note.

In 1961, the Australian economy had experienced a downward cycle. Unemployment reached a level unknown since the Great Depression. The Commonwealth government survived an election with a majority of one. Ironically, that majority was secured by preference votes from a Communist can-

didate to ensure the election of (now Sir) James Killen, a member of the ruling Liberal Party, which is the principal alternative to the trade union based Labour Party.

Financial events led to a number of significant corporate collapses. Subsequently, inspectors were appointed by the regulatory authorities to inquire into these financial events. The resulting reports were highly critical of accounting matters and considered accounting practices pertinent to the collapses. The regulatory reports were regarded as sufficiently damaging such that the larger of the two professional groups covering the accounting profession produced a report which canvassed the issues and sought to create an awareness among its members of a need for change. This publication was still nearly a year away at the time of the events involving Edward Stamp.

The reports of the inspectors were public documents protected from defamation action by virtue of being tabled in the Parliament. On the other hand, local academics were constrained from any detailed discussion of the issues because prosecutions were in progress and any comment involved a high risk of facing contempt of court proceedings. The Australian legal system takes a very serious view of such issues. An overseas visitor might reasonably be less concerned about these risks. It would be possible to have left the country before the authorities could become aware of alleged contempt and do anything about it.

Edward Stamp was a senior lecturer at Victoria University of Wellington in New Zealand, when he travelled to Melbourne in 1965 to attend the meeting of the Australian Association of University Teachers of Accounting (AAUTA) now the Accounting

See STAMP on page 30

¹Stamp, 1981, p. 234

Association of Australia and New Zealand (AAANZ). Stamp was appointed Professor at Victoria University shortly afterwards in 1965.

It is worth noting that this was only the third gathering of AAUTA. There were ten papers presented and perhaps forty persons attended. The meeting was deliberately kept small to facilitate exchange of ideas. Goldberg says that it was agreed to hold the next conference in Brisbane. The following year, the President recalled that conference locations should not depend "solely on the wishes of those present and the universities represented at the annual meeting."² What he does not record indicates the informality of the AAUTA organization. The decision to hold the next conference in Brisbane was made without consulting the staff at the University of Queensland and with the knowledge that the Head of Department, Reg Gynther, was planning to be overseas. It is not surprising that this incident remains so clearly in the writer's memory of the Melbourne conference.

At the conference, Edward Stamp presented a paper, "Reid Murray: Challenge and Response," in which he critically blamed the academics present for what he perceived to be the deficiencies of the accounting profession. He proved his allegations by revealing the reports of inspectors who have looked into the failure of companies, including Reid Murray.

A number of those present were deeply offended. In particular, A.A. (Peter) Forster from the University of New South Wales, who overnight wrote a rejoinder for which he sought an opportunity to put before the conference. Professor E. Bryan Smyth, the President, had a difficult task as peacemaker.

Stamp had made a preliminary skirmish in Melbourne by discussing issues most of the locals felt legally constrained to avoid. Stamp then published an account of Reid Murray in *The Accountant's Journal* of May

²Goldberg, p. 122

1964. All of this was more than five years before the celebrated report in *The Times*.

The present author, a fourth generation Australian, believes it is consistent with the sardonic nature of traditional Australian humour to take credit for the faults of Australian accountants as being the catalyst which may well have started Edward Stamp on his crusade against the deficiencies of accounting practice in the United Kingdom.

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