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BOOK REVIEWS

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REVIEWS OF BOOKS AND OTHER PUBLICATIONS

REVIEW ESSAY

The development of the history of accounting thought in Italy
and the *Biblioteca Storica di Ragioneria ed Economia Aziendale*

by Prof. A. Amaduzzi

and

Prof. G. Cavazzoni

Italy is the country in which modern accounting originated, and in common with other European countries it possesses an immense wealth of written sources, which are indispensable for reconstructing the history of accounting from Medieval times to the present. However historical research in accounting has only recently been accorded its due status in Italy.

There are a number of factors that have both led to and accelerated the revival and development of accounting and business history research in Italy in recent years. Firstly, the need has arisen to rethink the past and to pause for reflection, after many years of scientific research oriented only to the present and future and to specialisation without any continuity with the past. Secondly, the establishment in Pisa in 1984 of the *Società Italiana di Storia della Ragioneria*, with the support of the international community, has brought together scholars with the common aim of continuing the historical studies which flourished briefly in Italy at the end of the nineteenth century.

In addition, in 1993, with important changes to the law governing the teaching of economic science in universities, both accounting history and comparative accounting have become recognised areas of study and are slowly entering the curriculum, with courses of 60 or 35 hours giving credits according to the options chosen by students on various diploma or degree courses.

At present, in Italy, the following areas of research can be identified: the history of accounting which has as its aim the

study of the evolution of accounting as a means of recording transactions; business history including the history of firms and organisations of various types; history of accounting and economic thought—a particularly rich area of study in Italy in the last 150 years; and finally the history of the profession. Such classification however, as made clear in the *Manifesto della Società Italiana della Storia della Ragioneria* published in 1994 do not represent mutually separate fields, but are closely interconnected. In particular the history of accounting and the history of firms and organisation represent a single core of research since the interpretation of the numerical records is an indispensable prerequisite for understanding, with due level of accuracy, the processes and the activities of business whether near or remote in time. Furthermore the history of accounting thought overlaps with the history of accounting when the latter does not merely limit itself to the study and interpretation of methods of record-keeping but sees in these methods the instruments and means by which to understand the cycles of prosperity and the lives of men under particular economic systems, as well as the relationship that always exists between accounting theory and theories of economics and enterprise.

In the field of accounting, publications dealing with history first appeared in 1869 with a brief essay entitled *Origini storiche della professione di ragioniere* by Ernesto Luchini and continued in the work of one of the great Italian thinkers, Fabio Besta (1845-1922) and his pupil Gino Zappa (1879-1960). With Fabio Besta, a golden age in the study of accounting history began. In 1894 the *Società Storica Lombarda* offered a prize for a work on accounting history; this was won by Plinio Bariola and led to the publication of several important, methodical works.

In the twentieth century, after these first steps towards establishing the discipline, the history of Italian accounting and accountants was included alongside the curriculum in university accounting courses. Authors of textbooks for courses on accounting and financial accounting devoted several chapters to history. However it is not until the middle of the twentieth century that we see major comprehensive works published again in Italy.

In 1950 Federigo Melis published a seminal work on the history of accounting covering the subject from the ancient up to the early twentieth century in 900 pages rich in analysis and information. In 1952 Tommaso Zerbi published a volume entitled *Origini della partita doppia* which is now a classic of ac-

counting history for the period prior to the *Summa* of Luca Pacioli.

Among the most important scholars of accounting history Tito Antoni, the first to hold a chair in accounting, must also be remembered for his works on ancient and modern history; Carlo Antinori who teaches at the University of Parma; and Luigi Serra who teaches at Cassino—a meticulous scholar who has published among other things an essay on Angelo Pietra, the sixteenth century monk and scholar who was the most important successor to Luca Pacioli.

In addition to the above, many studies have been produced during the twentieth century, which adopt a primarily biographical approach and investigate in depth the life and works of individual scholars, setting them in the context of their time and sphere of activity. These works constitute a great resource for the building of a comprehensive history of Italian accounting and accountants, including comparison with other countries.

It is well known that Italy is one of the countries that possesses the greatest quantity of surviving written records, early accounting documents and works essential to historic research, from the publication of Pacioli's *Summa de arithmetica, geometria, proporzione et proporzionalità* in Venice in 1494 onwards.

For this reason the rediscovery and ordering of such sources, such as was done at the end of the nineteenth century by Giuseppe Cerboni, is now under way as a joint project by the members of the *Società Italiana di Storia della Ragioneria* at Pisa supported by the *Consiglio Nazionale dei Ragionieri* at Rome.

Against this background the *Biblioteca Storica di Ragioneria ed Economia Aziendale* may be seen. The *Biblioteca* was conceived and is edited by Antonio Amaduzzi and consists of numbered editions with reprints of works which are little known or no longer readily available. At the time of writing, nine volumes have been published, the first in 1987.

The publication of the first volume represented the start of a series of commentaries on the origins of *economia aziendale*—a branch of knowledge which is evolving rapidly. Returning to the roots of the discipline, which had become small pieces in a vast jigsaw, gives a reference point for our present evolution, as outlined in the introduction to the series.

This is also reflected in the selection of the first work presented, the inaugural lecture for the academic year 1880-1881 at the *R. Scuola Superiore di Commercio in Venezia*, Besta's *La*

Ragioneria. This choice was motivated by the desire to draw attention to the “minor” works of Besta, as a reminder to those who were already aware of them or to allow others to discover them for the first time and thereby enrich their knowledge.

The characteristic common to all works in the series is the publication of the text together with an introduction which summarises the contents and gives comments and reflections. These introductions have been written by the editor himself or other researchers with particular interest in this field.

The second volume contains Giuseppe Cerboni's *Elenco Cronologico delle opere di Computisteria e Ragioneria venute alla luce in Italia dal 1202 sino al 1888*. In its introduction it is underlined how a careful reading of history made possible by Cerboni's work enables us establish that *ragioneria* was the forerunner of *economia aziendale* and that the relationship between the two can today be seen as one of inter-independence.

The third volume comprises the eleventh book of Pacioli's *Summa* edited by Vincenzo Gitti. The work is dedicated to Ernesto Lodovico Jäger who translated the *Summa* into “the language of Goethe” and to whom a debt is owed, as the translator of Pacioli, Manzoni and Pietra—the first proponents of the new science.

The fourth work included in the series is Plinio Bariola's *Storia della Ragioneria Italiana*, published in 1897. Described in the preface as a comprehensive history from its beginning to the end of the nineteenth century. This constitutes a source of invaluable information for the understanding of the history of accounting thought and of its protagonists, of the unfolding of accounting as the discipline underpinning economic control, in which are to be found the seeds of the more fully developed twentieth century theories of *economia aziendale*.

The fifth volume is dedicated to Giovanni Germani's *La ragioneria come scienza moderna*, which first appeared in 1913 at the centenary celebrations of the *Accademia Italiana di Economia Aziendale*. The introduction by Gilberto Mazza recalls the fierce competitiveness of Germani who, drawing support from foreign scholarship and his own personal ideas, did not spare any of his illustrious rivals including one of the stature of Besta. That Germani's work was subsequently “forgotten” in academic circles can be attributed to his attitude. As well as summarising the ideas put forward in the *Ragioneria come scienza moderna*—a work which Germani himself recognised as

being audacious in content—Mazza recalls the severe criticism levelled by Germani at Cerboni whom he accused of having placed the discipline outside any verifiable scientific understanding, at Besta who had provided a “limited understanding of the purpose of accounting”, at Luigi Brasca, at Giovanni Rossi, and above all at Léon Gomberg. Concerning Gomberg, Mazza believes that Germani had lost all sense of measure and had underestimated his complex theoretical system which is broadly comparable to our present day *economia aziendale* (as can be judged from the eighth volume in the series, on Gomberg’s work, and the introductory essay by Rosella Ferraris Franceschi).

The sixth volume deals with the *Storia della Ragioneria Italiana* by Ernesto Lucchini. Giuseppe Bruni, who has written the introduction, first recalls the “noticeable progress” made in business economic theory in the nineteenth century—that is, the century of the industrial revolution and the advent of capitalism—at the end of which Lucchini’s work was published. He then describes the “broad sweep” of the work, which starts from the eastern and middle eastern civilisations, proceeds to the ancient Greeks and Romans and then works through the Middle ages up to modern times, noting how the use of accounting had sustained, if not directly given rise to, the emergence of the banking and trading empires of Genoa, Venice and Florence which were the precursors of the Italian renaissance. In drawing conclusions on the work, Bruni emphasises that the book is a good example of Lucchini’s work, which without grand scientific pretensions nevertheless makes a considerable contribution to the understanding of Italian accounting history up to the end of the last century.

The seventh book, *Luca Paciolo nella storia della ragioneria* by Vincenzo Vianello, dated 1896, may be considered together with the third: Gitti’s *Trattato*. Amaduzzi’s introduction discusses the dual aim of Vianello’s work, which both deepens the knowledge of Pacioli as an historical figure and of his treatise and its place in the field of accounting history. It also sheds light on Vianello himself—a scholar living at the turn of the twentieth century, author of many publications which form part of the most traditional areas of accounting history, but in which one feels the wind of change blowing towards the most modern ideas of *economia aziendale*.

The work of Léon Gomberg, mentioned above, is to be found in the eight volume, entitled *L’économologique (science*

comptable) et son histoire. Here, in his introduction, Amaduzzi notes the importance of the work, which offers a rich source of ideas to students of accounting history who wish to look outside Italy. There then follows an essay by Rosella Ferraris Franceschi. In this essay, after having analysed Gomberg's work, she discusses a theoretical system proposed for business economics: the three areas into which *Einzelwirtschaftslehre* may be divided, that is the technical aspect, the theories of organisation and administration of economic activities, and finally accounting—*Verrechnungswissenschaft*. The final part of the essay deals with the last of these three areas, *Économologique, Ragioneria* or *Verrechnungswissenschaft*, and here Franceschi seeks to outline Gomberg's contribution to the evolution of accounting and *economia aziendale*, as a scholar who recognised both the need for change and the weight of tradition.

The ninth volume contains the essay published in 1938 by Angelo Riera on Pacioli's *Tractatus de Computis et Scripturis*. This, taken together with other works in the series offers a further contribution to the understanding of Pacioli's accounting treatise. The essay was recently re-issued in memory of Professor Riera with an introduction by Gianfranco Cavazzoni. The introduction consists of two parts, the first dealing with Pacioli's life and writings, and the second giving an analysis of Riera's original essay, including the question of the attribution of the invention of double entry bookkeeping. Here it is found that Riera seems to accord to modern critics who attribute the invention of double entry to "no one", it being considered the outcome of a gradual development which evolved to satisfy the needs of enterprise.

Hugh M. Coombs and John Richard Edwards, *Accounting Innovation: Municipal Corporations 1835-1935* (New York: Garland Publishing, Inc., 1996, 224 pp., \$57).

Reviewed by
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What is the relative importance of regulation and of market forces as means of explaining changes in the accountability of municipal corporations? In addressing this question, Coombs and Edwards postulate a gradualist theory of change. They argue that changes in accountability tend to results from appar-

ently unrelated events which on examination are part of a metamorphosis rather than from a single causal factor.

Consistent with a gradualist theory, Coombs and Edwards design a study of accounting change in municipal corporations which is broad in scope and thorough in detail. This study is recorded in *Accounting Innovation: Municipal Corporations 1835-1935*. It is motivated by the objective of understanding present practices as part of an evolution of developments. The scope of the study extends across five municipal corporations in the United Kingdom over a period of one hundred years. The municipal corporation in the United Kingdom is somewhat similar to the incorporated municipality in the United States. During the focal time period, it was distinguished by the growth of large public sector enterprises or trading services.

With a meticulous approach to detail, Coombs and Edwards retrieve and review archival data to trace developments in form and content of financial reports as well as developments in auditing requirements. Changes in practices are integrated into a background of competing and complimentary influences in a multifarious environment. Social context is viewed as a dominant variable which contributes to accounting change within municipal corporations and limited companies and to accounting differences between municipal corporations and limited companies.

Coombs and Edwards organize their study around eight topics each of which is addressed in a separate chapter. After discussing the design of the study in an introductory chapter, the next two chapters review the structure of local authorities and of regulatory frameworks. The study then moves to an examination of accounting practices: record keeping, framework of accounts and capital accounting. With this background, power struggles over the performance of audits are explored, and basic audit issues are described. Coombs and Edwards then extend their analysis of accounting change within municipal corporations to support an analysis of comparison of developments in municipal corporations and with development in private companies. The model of change which emanates from the study is summarized in concluding comments.

Ultimately, Coombs and Edwards abandon regulation and market forces as significant influences on accounting change in municipal corporations. Regulation cannot account for changes in municipal reporting practices because changes in regulation over the 100 year focal period were inconsequential. Market

forces cannot account for changes in municipal reporting practices because there is no evidence of external demand for information and no evidence of the use of reports by external parties. The rejection of these two factors, leads Coombs and Edwards to construct an alternative model of environment that fosters change. Important environmental factors include: the antecedent introduction of accounting change in private companies, the emergence of an accounting profession with avenues for transferring innovation from private companies to municipal corporations, the growth of municipal corporations fostering demand from internal management for new information for decision making purposes, and the desire of elected officials and appointed administrators to publicize the success of municipal corporations.

Strengths exhibited in this book are organization of analysis around a theory of change, exhaustive scholarship, and informative illustrations. Coombs and Edwards accept the challenges that a gradualist theory of change incorporates. Of necessity their study must focus on practices over decades. From the way this study is recorded and from their prior publications, it is apparent that Coombs and Edwards worked on this study for a number of years. Their patient, thorough and systematic approach demonstrates a level of scholarship which is rare. They collect and report extensive amounts of factual evidence from archival sources. Throughout the book, charts, tables and other illustrations aid the reader. Refreshingly, they are willing to acknowledge that the cause of change is problematic. Their contribution is to identify mechanisms which are associated with an environment in which change occurred.

Two prior books¹ by Coombs and Edwards, a series of articles published in academic journals from 1992 to 1994, and this book which incorporates and extends their journal publications, establish Coombs and Edwards as leading experts on the accounting and reporting practices of municipal corporations in the United Kingdom. The topical area covered in *Accounting Innovation: Municipal Corporations 1835-1935* include accounting history, governmental accounting, public enterprise accounting, theory of accounting change, and the operation of environmental change agents. Because this book offers public

¹The two prior books, *Local Authority Accounting Methods, The Early Decade, 1884-1908* (New York: Garland, 1991) and *Local Authority Accounting Methods, Problems and Solutions, 1909-1934* (New York: Garland, 1992), consist primarily of reproductions of period articles.

access to a wealth of archival data, it should be viewed a basic acquisition for libraries along with the two prior books by Coombs and Edwards. Although the ability to access archival data is important, the most significant contribution of this book is its analysis of a theory of influences on accounting changes. Because of the strength of evidence that Coombs and Edwards develop for a gradualist theory of change, this book is suitable as a supplementary reading particularly in graduate courses.

John Richard Edwards, Ed., *Twentieth-Century Accounting Thinkers* (New York: Routledge, 1994, 374 pp., \$75).

Reviewed by
Maureen Berry
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The development of accounting thought around the world during the past century undoubtedly owes more to the endeavors of certain key players than, say, environmental reaction, in the transformation processes. Further, creative sparks originate with certain individuals who may or may not, working alone or collectively, build up schools of thought to develop particular paths of progress. Such rationales underlie this collection of nineteen essays which describe the achievements of leading individuals who have helped, in fundamental ways, to shape the direction of accounting theory and practice in the recent past. Certain scope limitations are inevitable when putting together an anthology which attempts to grasp the essence of its subject, as the editor points out in the introduction [p. xiii]. Thus, some criticisms of editorial choices are to be expected. In this case, however, a high level of satisfaction has already been expressed in the accolades of the Academy of Accounting Historians when honoring it with the 1994 Hourglass Award.

The essays cover seventeen individuals separately, and two grouped contributions: one dealing with a number of leading French theorists and the other with three at the London School of Economics. Presentation is in alphabetical order by, and within, country: Australia (Chambers); Canada (Mattessich); Finland (Saario); France (eleven plus others); Germany (Schmalenbach and Schmidt); Italy (Zappa); Japan (Iwata, Kurosawa, and Kimura); the Netherlands (Limperg); the United Kingdom (Dicksee; de Paula; the LSE triad of Baxter, Solomons, and Edey; and Stamp); and the United States (Hatfield, Paton,

Blough, and MacNeal). In summary, ten Anglo-American contributions, six European, and three Japanese.

The authors are, generally, compatriots with some special knowledge of their subjects. All followed a broad outline to provide

a portrait of the person, dealing with family, background, and education; career details; professional links; the subject's ideas and theories; an assessment of their impact on accounting theory and practice; major influences on the 'thinker,' for example, from other writers; and their leading publications [p. xiv].

This approach worked well and, God being in the details, the chroniclers are to be commended for some interesting insights. For this reviewer at least, though, there were too few specifics about the pulses that drove the energies. While Chambers, Limperg, and Stamp, for example, come through as greatly energetic, forceful personalities with the courage of their convictions, it is Yamagata who offers the most rounded, personal comments. Professor Wasaburo Kimura, we learn, was a warm person with a sharp mind [p. 204]. With his witty and informative lecturing style and popular personality, he attracted overflow crowds of students to his lectures, but he was a tough grader. He liked to play tennis, enjoyed music and Rakugo (a story ending in a joke), delighted in trying varieties of gourmet food, and drank beer. His character was sorely tested when he went blind at the age of 50 but he was sustained, as a devout Buddhist, by his faith and his wife's assistance as he continued to research and teach for a further 13 years until retirement.

Turning to technical aspects, those of us without linguistic access to the Japanese literature may be surprised at Japanese understanding of western philosophies in original or translated versions. In the latter Taisho period (1912-26) Chiba informs [p. 184], us that German sociology dominated sociology and social thinking in Japanese imperial universities. Against the backdrop of the speed and direction with which Japan's modernization was influenced by the global strategies of western nations, and the conflicts this engendered with Japanese traditions, Kurosawa established a sociological method of accounting drawing heavily on the work of German and French sociologists. It is evident that Iwata was stimulated by Schmalenbach, as well as the cameralists, in his development of a dual structured income determination system. He was also familiar with the writings of other German theorists, including Walb, Schmidt, and

Mahlberg, and he must have been reading in the original judging from his use of German terminology. Kimura, who wrote his diary in English and German, stressed historical analysis and the importance of the prevailing social and economic background in accounting theory development. He, however, was more interested, in and critical of, some U.S. ideas, notably those of Paton and Littleton.

The survey of French accounting theorists of the period by Colasse and Durand [pp. 41-59] serve to remind us of the relatively late emergence of accounting in France as a legitimate academic and professional calling and the struggles it has undergone to attain intellectual status. Much of this delay, it would seem, may be attributed to subordination of the accounting function to the needs of economic planning, through the national charts of account, rather than serving investors as elsewhere. A French academic association was not formed until 1980 and there is still no French academic, as opposed to professional, journal. However, the French presence is now much more evident at professional, international conferences, and one may assume that French accounting is on the move forward, as evidenced by its growing influence in the transitional economies.

Remaining studies of the German, Dutch, and most of the U.K. and U.S. thinkers deal with approaches to income determination. With so much argument raised against historical cost accounting, in so many places, by so many rational minds, with such persuasion, one wonders that the traditional still prevails. The adamancy of the U.S. Securities and Exchange Commission in this regard is well brought out in the Blough study which is also particularly useful in tracing the working relationship between the SEC and the public accounting profession.

This international survey of accounting theorists was brought out as part of the Pacioli celebrations, sponsored by the Institute of Chartered Accountants in England and Wales. One of its main benefits is to illustrate the advantages to both academics and practitioners of understanding the processes of theory building and application in particular environments and the extent to which accounting thoughts may be transferred and take root. It lends itself very well to use in the classroom as a supplementary text in several accounting classes, such as intermediate accounting, accounting theory, and, in particular, international accounting. Assigning a particular chapter as required reading before studying accounting in a certain country, such

as, for example, Limperg and accounting in the Netherlands, provides the understanding necessary for students to grasp why accounting functions in that country as it does. It is also, one must add, well worth reading whatever its utilitarian function.

Richard V. Mattessich, *Critique of Accounting: Examination of the Foundations and Normative Structure of an Applied Discipline* (Westport, CT: Quorum Books, 1995, 304 pp., \$65).

Reviewed by
Thomas N. Tyson
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Critique of Accounting is intended for scholars who are intrigued by the roots of their discipline and its interface with the other social sciences. The author, Richard Mattessich, attempts to integrate the historical, methodological, and moral aspects of accounting and describes the book's purpose as "a trumpet call to battle rather than a hymn of victory; it should incite academics to clarify the hierarchy of objectives and variety of means to achieve them" [p. xviii]. He is largely successful in these objectives.

Mattessich discusses the cultural significance of accounting and challenges his readers to broaden their perspective about our discipline's colorful tradition and substantial impact on society. He explains convincingly that the origins of accounting go back to prehistoric times and actually precede the invention of writing. In a fascinating story, he describes how hollow clay tokens were transferred in and out of a clay envelope. This practice originated over 8,000 years ago and evinces a form of double-entry recording.

The range of Mattessich's interests is truly impressive. They include ancient history, post-Kuhnian philosophy, measurement theory, information economics, current value models, and critical theory. The vast breadth of discourse may be discomfiting to those readers who prefer more traditional accounting themes. Many others, however, will appreciate the opportunity to select topics that align with their particular interest. For the latter, thirty pages of over 500 bibliographic references will direct them to current and relevant literature.

On a practical level, the book can function as a helpful resource for instructors of graduate-level accounting theory courses or doctoral seminars on accounting history or current

academic issues. Many chapters provide supplementary information to lectures on accounting history or to current issues that benefit from a historical perspective. I particularly enjoyed Mattessich's discussion of the historical and cultural mission of accounting.

As mentioned, *Critique of Accounting* may be discomfoting to readers who view accounting as a narrow field of practical discourse. In addition, the book is not fashioned for accounting students, except those attending Ph.D. programs. It is most suited for experienced, active scholars who conduct interdisciplinary investigations or who seek to expand their research in new directions. Mattessich provides a historical background to many of the recent debates among accounting scholars. The chapters on positive accounting theory and the critical-interpretive approach are especially even-handed and lucid in this regard.

Mattessich points out that the majority of chapters are based on his previous articles and papers. Notwithstanding, they have been carefully rewritten and updated to include many current references. Although the chapters stand alone and can be read selectively, they have been painstakingly and effectively integrated. A detailed summary chapter ties the topics together as well. Independence and integration are atypical of a book based on an anthology of prior papers, but Mattessich pulls the task off quite well.

In summary, this book reaffirms Professor Mattessich's reputation as a leading, perhaps the leading, eclectic academic accounting scholar of the second half of the twentieth century. It is noteworthy that Mattessich has been authoring creative accounting literature for over forty years. The energy, enthusiasm, and love of subject which emanated from his earlier books and articles are manifest throughout *Critique of Accounting*.

Glenn Van Wyhe, *The Struggle for Status: A History of Accounting Education* (New York: Garland Publishing, Inc., 1994, 261 pp., \$50).

Reviewed by
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The main thrust of this book is to help readers understand how current educational policy in accounting came about. An

understanding of the opinions and philosophies of those organizations, committees, and individuals with past influence will provide perspectives on emerging directions in accounting educational policy. The author provides readers with fascinating forward and backward movements in the development of accounting curricula as the rise in higher education in accounting and the rise of accounting as a profession evolve over a hundred year period from the 1880s to the 1980s. Five stages of growth in professional education occurred over the most recent half century, including (1) the apprenticeship stage, (2) the proprietary school stage, (3) the university stage, (4) the pre-professional stage, and (3) the post graduate stage. A key issue in the development of accounting education was the focus in the curriculum design. Some key issues included (1) how to cover large quantities of information in the limited time available, (2) how to cover the expanding body of knowledge, and (3) dealing with the social problems of extending pre-employment education, deterring earnings, the effects on personal and family life, and the required capital investment. In developing a viable accounting curriculum a number of vexing problems had to be reconciled. These key problems included (1) the relative importance of theory and skill, (2) the significant number of professional schools that would (a) either move too far in the direction of accounting theory, or (b) have an overemphasis on practice which limits ability to adapt to change, and (3) what is the role of liberal arts in professional education for accountants and business majors.

Chapter 1: The Beginning of Collegiate Accounting Education

A basic question that surfaced at the beginning of the debate over the need for higher education in accounting was whether higher education should have a practical orientation or a liberal arts orientation. Students who wanted more practical business training went to commercial schools which frequently evolved into separate schools for business training only. Accounting education, which started at the Wharton School in 1883, began as a conceptual accounting theory course that was designed to please the liberal arts faculty. To complicate this issue, the state of New York created the concept of a CPA certificate based on passing the CPA exam. As more states passed CPA laws, the attention of the faculty focused on students passing the CPA exam, which became a measure of teaching success. By 1931 accounting was the strongest field in business schools, but

the tension between the theoretical and the practical approaches continued. As the accounting profession grew with the development of corporations and large scale production, management accounting was added to the collegiate curriculum as being indispensable to modern society and an important part of liberal arts education.

Chapter 2: Accounting Education in Early Post-War Years

A view developed that there was a need for highly trained accountants in companies just like the need for lawyers and engineers. This meant that a college education should have less emphasis on the CPA exam and more on management accounting, budgeting, cost analysis, human relations and writing. For private company accountants to gain the ranks of management there was a need for orientation to management concerns and how to deal with them. Public accountants would also benefit from this broader curriculum focus as they began to serve as consultants and add services to their clients besides auditing financial statements. In effect, general agreement developed that there should be no substantial difference in training for private and public accountants! Published reports by the Carnegie Foundation and the Ford Foundation complained that the beginning accounting course had too much emphasis on mechanics and techniques and on public accounting compared with what was emphasized in management accounting. In essence, by the mid 1950s, there continued to be disagreement on such issues as (1) the need for a qualifying exam, (2) the need for a new accreditation process, (3) the extent of descriptive vocational material, and (4) the relative balance between public accounting and management accounting education.

Chapter 3: In the Wake of Foundation Reports

By 1957 the need for a balanced curriculum to educate all professional accountants led to an AAA Committee to define management accounting. In effect, cost accounting should evolve into management accounting. By 1961 the focus shifted to the need to get public accounting to be recognized as a learned profession which required more than four years of college plus practical training. The 1960s became a boom time for business in which the demand for accountants exceeded the supply, so CPA firms were forced to hire nonaccounting grads and train them. These developments shelved the concept of

graduate education in accounting and resulted in a reduction in accounting hours in the curriculum.

Not only did boom times in business slow the push for a 5-year program, but so did the Vietnam War which increased the shortages of accountants available to CPA firms and forced accounting firms to hire more MBAs. In the process of hiring MBAs, a serious rift developed between practitioners and academicians. Some academicians resented the pressures which practitioners brought to bear on the academic community. The basic issue revolved around whether accounting was a social science or a profession. There appeared to be a compatibility of education and research, but not professional practice and research. The AAA reinforced the movement toward academic research in a 1954 report which stated that career accounting teachers should have doctoral degrees and research should be part of the requirements for promotion.

Chapter 4: The Professional School Movement

There was a general feeling in the accounting profession that the profession has always been beset by an inferiority complex and the developments in the 1960s aggravated the problem. Business education had little respect within the academic community and accounting had even less respect. Some in the accounting profession wanted to create separate professional schools of accounting to overcome the control of accounting by business administration and make accounting courses more relevant to the profession's needs. There was a strong feeling that the accounting curriculum needed to be professionalized in order to reduce the confusion about what accounting is and to insure that teaching is placed ahead of a research atmosphere in which the "publish or perish" doctrine is too prevalent. From the public accounting view, there was much unhappiness with the direction of quantitative research. Many academicians also were dissatisfied with the direction of accounting education. The *Accounting Review*, for example, ignored the issues involved in the teaching of accounting. Researchers with no accounting experience were hired as educators at dominant schools, there was little interference with what they taught or researched, and they concentrated on intellectualism rather than professionalism.

In 1974 the AICPA created a Board on Standards for Programs and Schools of Accounting to identify those standards that would justify a professional accounting curriculum for rec-

ognition by the profession. This was an implied accreditation approach which the AACSB did not want the profession to undertake. The Board of Standards issued a report in 1977 calling for a professional education that included postgraduate education. Deans of business schools objected to a separate school of accounting. On the other hand, accounting faculty felt they would be able to develop better courses, have more control over student quality, and have more funds to carry out their mission. Practitioners felt there would be more prestige and more practitioner input. In effect, the proposal for a separate school of accounting pitted Deans and non-accounting faculty against accounting faculty and practitioners. The conflict among the AICPA, AACSB, AAA, etc. was resolved unexpectedly when the AACSB announced in 1978 that it would start to accredit accounting programs. In effect, the AICPA was outflanked so as to hinder their move toward separate schools of accounting and the accreditation process remained in the hands of the Deans of business schools.

Chapter 5: The Battle for the Five-Year Requirement

Even though the AICPA lost the battle for separate schools of accounting and failed in their accreditation efforts, they still held the licensure requirement for CPAs and wanted to push for state legislation that required five years of education to take the CPA exam. The AICPA recognized that the struggle to get the states to require the five-year program would not be easy. To expedite the five-year requirement, a committee was established to determine if the curriculum requirements previously established for a five-year program were still appropriate. This new "Albers" Committee agreed with the prior curriculum requirements, but chose to refer to the five-year requirement as the "150-hour requirement" which would lead to a Master's degree.

As might be expected there were some setbacks to these latest initiatives. Practitioners were not convinced that post graduation education was necessary. By 1993, 32 states had passed the 150-hour requirement, yet resistance began to build because of a negative view of the 150-hour requirement by practitioners who were concerned about education costs and the type of education being offered.

ADDENDUM AND CONCLUDING OBSERVATIONS

This book on the history of accounting education is comprehensive and intellectually stimulating. Most of the key initiatives

to change and improve the development of accounting education have been identified and explained in detail. However, two developments over the years have been overlooked. An action taken by the AACSB in 1968 that affected a few schools probably should have been mentioned. In that year the AACSB issued a ruling that no major area in a business school should allow more than four courses beyond the core course, i.e., a total of 5 courses. This rule apparently allowed exceptions, such as for accounting, which in many states required up to eight courses to sit for the CPA exam. Many universities made an exception for the accounting majors. For whatever reason, the business school faculty at UNC-Chapel Hill did not grant the accounting area an exception. Therefore, in order to continue to prepare students to sit for the CPA exam in North Carolina, the accounting area was forced to go to a 4 1/2 year program in 1968. In retrospect this turned out to be a blessing, although it did not seem that way at the time. By 1970 it was clear that the extra semester prepared the students better, they were more mature, and the CPA firms liked their improvement. Recognizing these benefits, the accounting faculty decided to go for another semester of education and give the students a master's degree. This shift required the approval of the business school faculty and the university. It took six years for the formal appeal to be approved by the business school faculty and eight more years for university approval, a total of 14 years. A masters program was immediately installed in 1986 on a voluntary basis and operated for three years in that mode after which the program evolved into a complete five-year program with up to 120 graduates per year, up to half of whom are liberal arts undergraduates!

A second historical item not mentioned was the AAA Education Committee's initiative to create a journal that would be an interface for faculty and practitioners. That journal, *Accounting Horizons*, along with *Issues in Accounting Education* were designed to overcome the major criticisms of the *Accounting Review*.

This reviewer is hopeful that readers will find this review of Van Wyhe's book on accounting history to be a stimulus for reading the entire book. A fuller understanding of the forces contributing to the development of accounting education over a 50-year period should contribute a smoother transition and improvements in accounting education in the future.