The ninth annual meeting of the Academy of Accounting Historians was held at the Executive House Hotel in Chicago on August 6, 1981. President Dick Brief (New York University) made several announcements relating to recent Academy activities. As to the age-old question of whether the Academy would affiliate with the American Accounting Association, the answer was still “no.” Brief’s most exciting news was with respect to the possible establishment of a Center for Accounting History Research. Such a center would serve as a depository for collections and archives that could be useful for future research. Georgia State University has offered to provide the facilities to house the center. It was also announced that Paul Garner has arranged for several papers and books of George H. Newlove to be donated to the Academy. Brief’s other announcements concerned the designation of life membership status to four distinguished members and the awarding of the 1981 Hourglass Award (both of these announcements are covered in separate stories elsewhere in this issue of THE NOTEBOOK).

Secretary Al Roberts (Georgia State University) gave his annual report which included mention of the fact that the Academy now has 495 members, 69% of whom live in the United States. A total of 44 different states and 22 countries are represented by the membership. Roberts also encouraged all members to begin planning now for the next World Congress of Accounting Historians, which is scheduled for Pisa, Italy in 1984.

The annual election of officers and trustees was held, and the following individuals were elected:

- **President:** H. Thomas Johnson (Western Washington)
- **Vice-President:** Kenneth O. Elvik (Iowa State)
- **Vice-President:** Norman X. Dressell (Georgia State)
- **Treasurer:** Richard Vangermeersch (Rhode Island)
- **Secretary:** Al R. Roberts (Georgia State)

The new trustees, who will serve until 1984, are:

- Richard P. Brief (New York University)
- Edward N. Coffman (Virginia Commonwealth)
- Ross M. Skinner (Clarkson, Gordon & Company)
- Arthur R. Wyatt (Arthur Andersen & Company)
- Basil S. Yamey (London School of Economics)

**ENDOWMENT**

Following the announcement of the Endowment Fund of the Academy which has been initiated by the $2,000 contribution of Professor Kojima, several members have discussed their interest in arranging to make contributions to the fund on an individual basis as part of their estate plans. In particular one member has notified The Academy of his intention to have The Endowment Fund indicated as the preferred recipient of charitable contributions in lieu of memorials such as flowers, etc. at the time of his death. While it is not the most pressing matter for most of us, it is a thought worth sharing—that contributions to the fund, instead of flowers, at this time would provide an important and meaningful source of renewal to The Academy in behalf of the memory of a deceased member. Contributions should be sent to: Endowment Fund, The Academy of Accounting Historians, Box 658, University Station, Atlanta, GA 30303. Contributions are tax deductible.
PRESIDENT'S REPORT

The annual Trustee’s Meeting and Business Meeting in Chicago in August were well-attended and productive. Tom Johnson was elected President and his term begins on January 1. Jumping the gun just a bit, the Officers and Trustees asked Tom to form two Committees, one to review the financial and editorial aspects of new proposals in the monograph series and the other to consider possible improvements in the production quality of the Journal. The Officers and Trustees also approved a motion that The Academy’s annual budget, prepared by the President, be published in the Spring issue of The Notebook.

Unanimous approval also was given to confer “life member” status to four of our distinguished colleagues: Paul Garner, Osamu Kojima, Kojiro Nishikawa and Ernest Stevelinck. Congratulations are in order to these scholars of distinction in accounting history.

Students now have the opportunity of becoming members of The Academy at the reduced rate of $7.50. Membership includes subscription to the Journal and Notebook. Let your students know about this.

The continuing growth and development of The Academy of Accounting Historians depend on the many people who work so hard to promote the study of accounting history. As President of The Academy for the last two years it has been both a pleasure and privilege to work with so many of you in an effort to achieve this end. I thank you.

Richard P. Brief
President

HOBBIES

Do you have an accounting history hobby? The editor of THE NOTEBOOK is planning a series of articles dealing with accounting history hobbies (for example, collecting early accounting books or visiting famous accounting sites). If you have such a hobby, write it up and submit the manuscript to the editor. Include a black and white photo, if possible. The hobby series will begin in the next issue of THE ACCOUNTING HISTORIANS NOTEBOOK.

MANUSCRIPTS AND SHAGGY DOG STORIES

Anyone wishing to submit article manuscripts, short notes, cartoons, shaggy dog stories, letters to the editor, or other filler to THE ACCOUNTING HISTORIANS NOTEBOOK should send the material to the editor, Dale L. Flesher, School of Accountancy, University of Mississippi, University, MS 38677.

THE ACCOUNTING HISTORIANS NOTEBOOK

The Academy of Accounting Historians
Box 658
Georgia State University
University Plaza
Atlanta, Georgia 30303

Editor: Dale L. Flesher
School of Accountancy
University of Mississippi
University, Mississippi 38677

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Does your library subscribe to the ACCOUNTING HISTORIANS JOURNAL and the ACCOUNTING HISTORIANS NOTEBOOK? If not, urge your periodical librarian to place an order. You will be helping both the Academy and your own students.

https://egrove.olemiss.edu/aah_notebook/vol4/iss2/11
H. Thomas Johnson of Western Washington University won this year's prestigious Hourglass Award for his contributions to the history of management accounting. The Hourglass Award is presented annually to a person (or persons) deemed to have made a noteworthy contribution to the study of accounting history. All previous winners have been the authors or editors of books. However, this year's award was made not for a book, but for a series of articles on the development of managerial accounting. Specifically, the award to Johnson was based on the following publications:


Tom Johnson received his BA degree from Harvard University in 1960 and his MBA from Rutgers in 1961. In 1969, he received the Ph.D from the University of Wisconsin. Prior to his present position as professor of accounting at Western Washington University (in Bellingham), he held teaching positions at Washington State University and the University of Western Ontario. He was also with the Arthur Andersen & Co. audit staff in Boston for three years.

The 1981 Hourglass Award is the second major award Tom Johnson has received for his accounting history publications. In 1978, Tom received the Newcomen Award in Business History for his article that year in *Business History Review*. The Newcomen Award is given for the best article of the year published in the *Business History Review*.

Tom is an active member of numerous professional organizations. He has served both as a committee chairman and vice president of the Academy of Accounting Historians, and at the recent annual meeting in Chicago, Tom was elected to the position of president of the Academy. He takes office on January 1, 1982.

Tom Johnson joins an elite group of scholars by winning the Hourglass Award. Previous winners of the award include some of the leading names in accounting history research. The previous Hourglass winners, and the publications that won them the award, are as follows:

1973—Steve Zeff, *Forging Accounting Principles in Five Countries*.


1976—Osamu Kojima and Basil Yamey, for reproduction of Ympyn's: *A Notable and Very Excellent Worke* (1547).


1981—H. Thomas Johnson, for a series of articles on "The Development of Management Accounting."

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**DID YOU KNOW?**

Tonya Flesher (University of Mississippi) brought to our attention the following anecdote which she uncovered while visiting a museum during the 1980 AAA annual meeting in Boston.

In 1839, William Underwood of Boston (the originator of Underwood Deviled Ham), who had pioneered the preservation of food in glass jars, switched to tin canisters. His bookkeeper, through a ledger abbreviation (can.) introduced a new word into the English language. Today, the word "can" is used to the almost total exclusion of the word canister. This is just another example of how accountants have influenced our daily lives.
The only time I met Carman G. Blough was March 29, 1979, in Bridgewater, Virginia. Two months before, I telephoned him to arrange the meeting for I was beginning work on my dissertation noting the contributions of Blough. I felt the intervening time would be adequate to organize the dissertation and to formulate questions. However, as I began studying Mr. Blough's writings, I found myself overpowered by the breadth and depth of his experiences. From 1935 to 1961 Blough held a series of important positions, each demanding unique skills and abilities. Starting with his appointment as Chief Accountant (1935-1938) to his appointment as Director of Research (1944-1961), Blough was constantly faced with developing the functions and duties of a new or rapidly developing office. In each case, with a minimum of guidance, he was not only successful in developing policies to meet current needs but also established concepts that are still being followed.

Ironically, the more I read the more I became unsure whether I could adequately describe the accomplishments of such a noted accountant, a feeling I still have. Therefore, it was with a certain degree of trepidation that I drove to Mr. Blough's apartment that afternoon in Bridgewater. Katherine, Blough's wife, met me at the door of his one-room efficiency apartment. They had moved to the apartment from their farm, Blough-Mead, following an illness that limited Mrs. Blough's physical activity. As soon as I entered the room, Mr. Blough, who was sitting in a chair somewhat behind his wife, stood up to greet me. I knew that he had lost his right arm early in his life and had overcome the disability. However, because of his advanced age, I was concerned about his health and that the interview might be too tiring. My fears were unfounded, for I found him to be an active individual totally in control. Throughout the interview he amazed me with his ability to recall dates, places, and events that affected his career.

Physically the interview was exhausting, lasting 5½ hours, but the meeting proved rewarding. Because Blough's answers were so clear and concise, I was able to use his responses to form the basis of my research. Of particular importance to me was Accounting Series Release No. 4, issued April 25, 1938. In that release, the Securities and Exchange Commission (SEC) stated that the Commission would not dictate accounting policy but would accept accounting principles that were widely followed in the accounting profession, a concept defined as "substantial authoritative support." Blough was a key figure in formulating this release, for many in the Commission strongly advocated establishing a rigid set of accounting principles. The most notable commissioner who advocated such a step was William O. Douglas, later a member of the Supreme Court. During the winter of 1936 and all of 1937, the SEC must have been an interesting place to have worked because two giants of the legal and accounting profession were locked in a deep philosophical debate that would directly affect a federal commission and an entire profession. Blough argued that the theoretical concepts supporting the accounting profession would become stagnant if the government dictated accounting procedures; moreover, he felt that no one in government could effectively draft a regulation that would contain all the informational requirements of the reader. Blough's logic won the day for the Commission, in a 3 to 2 vote, decided against establishing accounting rules and procedures as favored by Douglas.

Another event of Blough's life that I found interesting concerned the problems associated with investment tax credit, specifically APB Opinions 2 and 4. In the last opinion, No. 4, the then newly-created Accounting Principles Board was forced by outside pressure to accept an accounting principle that they had earlier rejected in No. 2. Blough, who was a member of the Board, was on the losing side of the argument. He believed that the accounting principles of cost and matching as previously stated should outweigh the Board's attempt to develop credibility.

Blough's philosophical concepts of accounting allowed a wide variation of accounting concepts as long as each met certain basic guidelines that the accounting profession has in the past followed. Whether he was on the winning or losing side in a
debate did not matter to Blough, for he was a man of strong conviction who advocated in a forceful manner concepts he believed.

After completing the interview, I asked Blough and his wife out to dinner. Mrs. Blough declined but Blough accepted the invitation. Previously I had been told not to help Blough on with his coat, but as I saw him reaching with the side on which he had lost his arm, I instinctively tried to lend assistance. Almost instantly I knew I had made a mistake, for Blough quickly looked at me and for a brief moment his eyes reflected his displeasure. Fortunately, the moment passed quickly and Blough finished placing on his coat as we went out to dinner. At dinner, one topic that had no particular bearing on accounting but interested me all the same was how Blough was able to play tennis on his college team. Personally, I have found the game of tennis a demanding sport and I could not imagine how anyone could serve with only one arm. Not wanting to broach a sensitive issue, especially after my experience with his coat, I asked Blough about his life at Manchester Academy and College. Blough began to relate his views about his early schooling and the events leading up to losing his arm. In addition, Blough discussed events that came after the accident, principally how he joined the tennis team. Blough noted that after the accident he wanted to excel in a particular sport. He felt that if he could master the art of serving that his overall ability would allow him to make the team. So for hours he would hold the ball and racket in his left hand and with an upward swing pitch the ball high over his head so he could cock his arm and swing through the ball when it came down. The procedure was quite complicated and must have required an enormous amount of skill, practice, and determination in order to be effective. This must have been especially so because Blough was naturally right handed. After completing a most enjoyable meal we said goodbye, at which time Blough drove home.

The traits that Blough exhibited as a tennis player mirrored the strength and determination that he brought to the accounting profession. When I defended my dissertation, I was asked if anyone in the accounting profession has attained the warmth and admiration of not only the profession but also of government officials and readers of the financial statement. My answer was currently there are none, and because of the unique set of circumstances that surrounded Blough, possibly there will be none in the future.

ROMANCE IN A LEDGER

James W. (Jimmy) Jones, a Baltimore CPA, passed along the following newspaper clipping taken several years ago from the Stockholm Dagbladet.

Excerpts from the private ledger of a Stockholm businessman:

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Amount (Kroner)</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 1</td>
<td>Advertisement for a girl secretary</td>
<td>10.00</td>
</tr>
<tr>
<td>March 2</td>
<td>Violets for the new secretary</td>
<td>5.00</td>
</tr>
<tr>
<td>March 3</td>
<td>One month’s salary (in advance), secretary</td>
<td>250.00</td>
</tr>
<tr>
<td>March 7</td>
<td>Roses for secretary</td>
<td>15.00</td>
</tr>
<tr>
<td>March 8</td>
<td>Chocolate bar for my wife</td>
<td>.75</td>
</tr>
<tr>
<td>March 13</td>
<td>Lunch with secretary</td>
<td>20.00</td>
</tr>
<tr>
<td>March 15</td>
<td>Increase in secretary’s salary, in advance, (owing to high costs of living)</td>
<td>100.00</td>
</tr>
<tr>
<td>March 17</td>
<td>Movie tickets for me and secretary</td>
<td>16.00</td>
</tr>
<tr>
<td>March 21</td>
<td>Chocolate for wife</td>
<td>1.00</td>
</tr>
<tr>
<td>March 23</td>
<td>Further increase in Maud’s salary (in advance)</td>
<td>25.00</td>
</tr>
<tr>
<td>March 24</td>
<td>Theater and supper for Maud</td>
<td>50.00</td>
</tr>
<tr>
<td>March 25</td>
<td>New spring dress and silver fox for wife</td>
<td>1,000.00</td>
</tr>
<tr>
<td>March 26</td>
<td>Advertisement for a male secretary</td>
<td>10.00</td>
</tr>
</tbody>
</table>

Jimmy also provided the following comment: “One must not conclude that the above experience is applicable only to the natives of Sweden, because in my experiences in the profession I have seen similar situations.”
REPORT OF THE COMMITTEE
ON TAXONOMY AND BIBLIOGRAPHY

'The time has come,' the Chairman said,
'To talk of one main thing;
Of alphas - and charts - and numerics -
Of taxonomies - and coding -
And whether we should go ahead, -
Or end the fiddle-faddling.'

(With apologies to Lewis Carroll in "Through the Looking Glass".)

The preceding piece of doggerel summarizes my feelings as chairman of the Committee on Taxonomy and Bibliography of the Academy of Accounting Historians. After three years of effort, no final decision has been taken on even the first part of the original charge to the committee. Since a coding scheme must be accepted by the members of the Academy before further work can be done, the last three parts of the charge have been largely ignored. It is essential that some resolution of this task be made, as quickly as possible.

It is my firm conviction that there is a definite need for a computerized bank of a continuously up-dated bibliography of accounting publications. This would give researchers access to material about which they might not be familiar; save them from reinventing the wheel; and possibly encourage research in accounting history. Because of this strong belief, I am suggesting a classification scheme that I feel would serve our purpose and would provide the impetus to complete the assignment. Before outlining the proposal, however, I would like to thank Harold Young for his most valuable input in moving the project thus far and to Dale Flesher for his comments. Others also contributed by answering several initial questionnaires.

The Coding Scheme

It is recommended that the classification scheme consist of a 5-digit code. It is expected that this code will be sufficient for a researcher to ascertain whether a publication is of any interest. He would then contact a central registry to obtain more detailed information about the work. It is anticipated that as back up to the code there will be a short abstract and other information about the publication, such as availability, language, etc. The whole system must, of course, be computerized, with the information being provided by the author, for current works.

To explain the scheme, it will be useful to follow the appendix to this report. The primary key is the first digit; 36 different topics can be specified in this position (a partial list is given in the appendix). The secondary key, the second digit, also has 36 positions and will narrow the search considerably. Theoretically, the first two positions of the code will be specific for 36 x 36 or 1296 different categories. As an example, in the Biography category (first digit), 36 names can be given by the second digit. As it is very likely that more than 36 biographies have been published, it is possible to use more than one first digit for this category or positions 3 and 4 can be utilized for expansion in this category. As a general rule, however, positions 3 and 4 will be used to indicate the country to which the publication pertains. Here the third digit will be a numeric for continent, although there is a little space to add several subdivisions of continents in this position, i.e., U.S.A. and United Kingdom. The fourth digit, an alpha, will provide the name of the specific country in the continent or the state, province or sub division of a country. The fifth and final digit will place the work, chronologically, i.e. 36 different time periods will be provided with several centuries for ancient times (per letter) and a finer breakdown for more recent eras.

As indicated previously, in situations (such as biographies) where positions 3 and 4 of the code may not be required for country, these two positions can be used to expand the information supplied by the first two keys.

The attempt has been made to be all things to all men and it is possible that too much is being asked of a 5-digit code. Nevertheless, it is felt that this recommendation would serve to fulfill an important and viable role. Assuming that the principle suggested is acceptable, much work must still be done. A strong (and fairly large) group of
interested parties would have to study the categories and supply their input. The detailed coding scheme would then be printed and distributed to all authors wishing to be included in the registry. Other older publications would have to be coded by members of the committee.

It is hoped that this classification scheme will be approved by the Academy and that the central registry will become a reality in the near future.

Respectfully submitted,

Harvey Mann
Chairman

P.S. It has been brought to my attention that the Faculty of Library Science at the University of Toronto and the School of Library Science at Case Western Reserve University have a collection of classification schemes called the Subject Analysis Systems Collection. Since it is most unlikely that accounting history is represented in this collection, if the above scheme is tentatively approved, I will forward it to Toronto for any suggestions they may have.

APPENDIX

Primary Key

**Alpha + Numeric**
(36 positions)
**Main Topic**

Associations, Conventions, Congresses, etc.

Auditing

Biography
Bookkeeping
Cost Accounting

Dictionaries, Encyclopedias, etc.

Secondary Key

**Alpha + Numeric**
(36 positions)
**Refinement of Main Topic**

Academy of Accounting Historians
American Accounting Association
Canadian Institute of Chartered Accountants
Fourth International Congress of Accounting Historians

Analytical
Internal
Operational

Name of Individual
Various Books
Contribution
Full
Job
Process
Variable

(Continued on page 8)
Financial Accounting
Government Accounting
Managerial Accounting
Not-For-Profit Accounting
"Particular" businesses
Systems
Taxation
Textbooks
Theory

<table>
<thead>
<tr>
<th>Third Position</th>
<th>Fourth Position</th>
<th>Fifth Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Numerical</td>
<td>Alpha + Numerical</td>
<td>Alpha + Numerical</td>
</tr>
<tr>
<td>(10 positions)</td>
<td>(36 positions)</td>
<td>(36 positions)</td>
</tr>
<tr>
<td>Continent, etc.</td>
<td>Country or State, etc.</td>
<td>Period Covered</td>
</tr>
<tr>
<td>0. Africa</td>
<td></td>
<td>A Before 2000 BCE</td>
</tr>
<tr>
<td>1. Asia</td>
<td></td>
<td>B 2000-1000 BCE</td>
</tr>
<tr>
<td>2. Australia</td>
<td></td>
<td>C 1000-1 BCE</td>
</tr>
<tr>
<td>3. Europe (Except Germany, Italy and United Kingdom)</td>
<td></td>
<td>D 1-500</td>
</tr>
<tr>
<td>4. Germany</td>
<td></td>
<td>E 6th Century</td>
</tr>
<tr>
<td>5. Italy</td>
<td></td>
<td>F 7th Century</td>
</tr>
<tr>
<td>6. North America (Except United States)</td>
<td></td>
<td>N 15th Century</td>
</tr>
<tr>
<td>7. South America</td>
<td></td>
<td>O 1500-1550</td>
</tr>
<tr>
<td>8. United Kingdom</td>
<td></td>
<td>P 1551-1600</td>
</tr>
<tr>
<td>9. United States</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
"CREATIVE ACCOUNTING" THREE SCORE YEARS AGO

Paul Garner
The University of Alabama

EDITOR’S NOTE: Professor Garner brought the following human interest item to the attention of this editor. Emphasis (italics) was supplied throughout by Dr. Garner.

From: Alpha Kappa Psi Diary, June, 1924
OFFICE MANAGEMENT AS A PROFESSION
By A.W. T. Ogilvie, Gamma Chapter

With a sigh of satisfaction and relief, the bookkeeper laid down his pen and surveyed the statement which he had just prepared. He noted the net profit for the period and allowed what little imagination he had to picture the pleasure of the master when he saw the "neat" profit shown in the statement.

He lost no time in presenting the statement to his employer, a keen-witted, hard-headed, thrifty Quaker, who possessed a pretty accurate knowledge of the statistics of his business without reference to any records or books of account. The Quaker glanced at the statement and noted that the net profit exceeded his private estimate by about $2,000.00. He turned to the bookkeeper and said: “Lad, thee hast made a mistake somewhere in thy calculations. The Lord has not been as kind to us as thee indicates. Tot it again.”

The bookkeeper laboriously as before re-added the statement, itself a rather untidy exhibit on unruled paper. Being unable to find any error in his figures, he brought it again to his Quaker boss, who proceeded to check the additions himself. At the end of the operation he said, turning to the boy: “John, thee hast made the mistake of adding in the year of Our Lord.”

It is a long stride from John’s statement to the balance sheets and operating statements of the modern corporation. Perhaps a longer stride, however, measures the improvement in office methods in the past thirty years that has been accomplished even in accounting.

The office, formerly an aggregation of “pen pushers,” has taken on the aspect of a group of technical experts who have qualified themselves for a narrow, but important, line of work. The invention of use of machinery in office work, together with the advent of women into business, has changed the entire complexion and revised the problems of the office manager’s job. The machinery itself came as the natural answer to the pressure brought upon the office by the concentration of activities in our larger organizations. From the massing of clerical activities in a single group, called the office, evolved the office manager.

The office manager is responsible to the administrative head for the efficient organization and management of that part of the activities of the business, commonly called clerical work. This may include the accounting department. In many cases it does. In other cases the accounting is entirely outside the office manager’s jurisdiction. Clerical work embraces normally all records, other than books of account perhaps, correspondence, intra-communication and office service of various types to the different departments within the business.

ENDOWMENT FUND RECEIVES ANOTHER CONTRIBUTION

The Academy’s Endowment Fund, the income from which will go to support accounting history research, has received another sizable contribution. Dr. S. Paul Garner, the Dean Emeritus at the University of Alabama, has recently donated $500 to the Endowment Fund. Dean Garner is one of the best known members of the Academy, having lectured in about 80 countries throughout the world. He has been a long time supporter of accounting history research, and has contributed many publications himself.

Other members who wish to contribute to the endowment fund should send their contributions to Al Roberts, Secretary; The Academy of Accounting Historians, Box 658, Georgia State University, Atlanta, GA 30303. Contributions are tax deductible.
A definitive answer to Louis Goldberg's question "Did accounting antedate writing?" must depend on conclusive definitions of what is meant by both accounting and writing. It is doubtful whether universally acceptable definitions of either will ever be established. Thus, the question may be as unanswered as it is interesting!

Littleton\(^1\) of course, listed the art of writing as one of his preconditions for the emergence of "systematic bookkeeping" which neatly disposes the question, which came first! Kenneth Most, seems prepared to accept the use of tokens in counting and identifying different commodities (from which their use in trade and as evidence of ownership may be inferred) as a form of accounting. Are there differences between counting and accounting and, if so, what are they?

The evolution of man from his ape-like ancestors corresponds with the Pleistocene phase of geological history which started about 2,000,000 years ago and ended 12,000 to 20,000 years ago. This is a vast period compared to the few thousand years of written history. Our knowledge of man's evolution, although growing, is therefore still very fragmentary. Archaeologists have been particularly interested in the evolution of the first farming communities at the beginning of the Neolithic period about 10,000 B.C. and Kathleen Kenyon, excavating at Jerico in Jordan between 1952 and 1958 found evidence of a settled hunting and food gathering community, a conspicuous feature of which was a stone built shrine or sanctuary, in about 9,000 B.C. This settlement was succeeded by the development of a town covering 10 acres defended by a massive stone wall in which there was evidence of organized agriculture and widespread trade in commodities like obsidian. This site has carbon dates between 8500 and 6770 B.C. Diana Kirkbride excavated a site, soon afterwards, at Beidha (near Petra) which, about 7000 B.C., had developed specialized trades including clearly identifiable baker's and butcher's shops. A famous site in Anatolia Cabal Huyuk gives evidence of 800 to 900 years of occupation and considerable invention and technological progress from about 6500 B.C. A brick built town covering 15 acres used wood basketwork and pottery vessels, woven fabrics, flint and obsidian weapons and there are even signs of an irrigation system. There seems to be a strong likelihood that some form of systematic record keeping might have existed in these communities even if there is little or no evidence for this.

The use of cylinder seals is often quoted in discussions of the origins of accounting, and these devices were invented about the same time as pictographic writing developed. Cylinder seals are finely carved from stones which were unobtainable in Mesopotamia and are themselves evidence of trade. They were used to establish ownership and record agreements when impressed on clay tablets or jar stoppers. Cylinder seals first appear about 3,000 B.C at Uruk but both the seals and the firstpictographic scripts show a high degree of compertence which may well indicate a previous history of development. An interesting account of these developments and the work of the archaeologists involved is given by Seton Lloyd.\(^2\)

Mesopotamia was civilized for 1,000 years before writing began to develop. This period, the Al'Ubain period ended about 3,400 B.C. Although there was no system of writing during this period, the foundations were being laid in the form of decorations on pottery in which animal motifs gradually became more stylized.

Cantenau\(^3\) takes the example of a frieze of water birds in which the feet are left out and the necks extended so that they resemble quavers on a line in modern musical notation. Then, the body is discarded, leaving only the beak and neck, like the pot hook (which Victorians used in writing practice). Thus, a formal symbol represents a concept. If repeated, it may also represent a quantity. In the period 3,400 - 3,200 these symbols began to be used as a means of record keeping and, indeed, Cantenau asserts that "in its earliest phase the script is nothing but an accounting device" in which the different objects and the number of each is represented. At this period there is evidence for at least 891 different signs but over the next several hundred years, this number was drastically reduced until, eventually, about 300 remained. This is still a large number, of course.

Some, but not all, of the signs in protoliterate script can be traced into their form in the
developed cuneiform. These include animals, words connected with fishing, hunting and commerce, and words related to pottery techniques, including the wheel. The development into cuneiform was influenced by the technology used, the clay tablets with a reed "pen". Examples can be seen in the British Museum.

Semitic languages, such as Arabic, are normally written from right to left but, interestingly enough, two Semitic languages are written from left to right, Ethiopian and Akkadian. From writing left to right it is easy to imagine the scribes reading that way, too.

The next technical problem with claywriting using a hard reed as a stylus is the difficulty of tracing clear outlines for pictograms. Gradually, the scribes began to jab the wet clay with the reed and so developed the linear and cuneiform scripts. As Brian Harrison pointed out in his note, the Ancient Mesopotamians did reduce their writing system to the syllabic level but they never simplified it down to single characters so that it remained a complicated system, knowledge of which was confined to a privileged group. One consequence of this was that the Ancient Mesopotamians seem to have identified memory with intelligence and Ashurbanipal is praised as having "great ears"—meaning a good memory and great intelligence.

From the start, the Ancient Mesopotamians were "obsessive bookkeepers" and the evidence certainly suggests that accounting preceded writing. Indeed, the need for accounting may well have been a strong influence in the development. "Did accounting give rise to the invention of writing?" may be another question worthy of consideration, although the answer may be that trade gave rise to both.

A final point. The influence of those ancient scribes is still with us, although not always recognized. The invention of writing helps preserve the wisdom of the past (and its folly too, perhaps). Two examples in religious tradition exemplify this. Abraham, of course, came out of UR in Ancient Mesopotamia and according to Speiser the orthodox Jew still uses today a Sumerian word when he speaks of divorce. A second example is that the Mesopotamians represented the unchanging aspect of the cosmic order with a word Kittim which still survives as Amen.

FOOTNOTES

1 Littleton, A.C., Accounting Evolution to 1900, A.I.P., 1933.

OPEN CALL FOR HISTORY RESEARCH PAPERS

The 1982 Annual Meeting of the American Accounting Association will be held in San Diego beginning August 16th. Individuals who wish to submit papers on subjects relating to accounting history should note the following information. Session topics will attempt to reflect the following classes of research:

1) State of the Art in Accounting History
2) Current "cutting edge" research
3) Applied Research.

Examples of some general topics would include: Biography, History of Thought, History of Institutions, Data Base Investigations, Methodology Issues.

Submit your abstract, not to exceed 3 pages, identifying the class of historical research to:

Professor Gary Sundem
Department of Accounting
Graduate School of Business Administration
Seattle, Washington 98195

Submissions should be made by February 15, 1982. Early submissions are encouraged. Decisions will be made no later than April 10, 1982. Only abstracts of the papers will be published in the proceedings.

Every author is required to have at least 30 copies of the paper available at the session. Presentation at the session does not preclude eligibility for publication in the Accounting Review.
Contributions to accounting theory and knowledge have come from a vast variety of sources both from within and outside the accounting profession. One individual who deserves recognition for his work was a member of the legal profession, Judge Learned Hand. An analysis of Hand's judicial opinions should add much to the study of accounting and tax history and in turn to educational objectives.

Tax history has been a neglected study. According to a list of doctoral dissertations in taxation published in an American Taxation Association publication, there were no dissertations written in tax history from 1969 until 1979 and from 1940-1969, only four were listed. The Accountant's Index for 1950 to the present lists only 9 articles under the heading of Tax History. This lack of attention is interesting in light of the fact that two American Accounting Association Committees have recommended historical research. The 1961 Committee on Tax Instruction advised the inclusion of the background and historical developments of many of the more important parts of tax law and the evolution of our tax system. The reasoning offered by the Committee was that "It is often easier to understand our present law if one knows something of the background and development of particular provisions of the Internal Revenue Code. A person should be better able to judge the merits of proposed changes if he is aware of what has been tried in the past." The 1972 Committee on Federal Taxation recommended that the first tax course should cover the historical evolution of the more important provisions and sources of tax law as two major areas. Even though the value of tax history has been recognized, the research efforts have not met these needs. The purpose of this narrative is to use one example of an historical study of the principles of taxation to encourage further studies in tax history.

Judge Learned Hand provides an excellent example for study because he was a pioneer in the area of taxation. Four years after Learned Hand became a judge the Sixteenth Amendment ushered in the origin of our federal tax system. He wrote his first opinion in a tax case in 1918. During his judicial career, Hand wrote over 290 opinions in tax cases and sat on hundreds of others in which he did not author the opinions. This period, which extended over forty years, marked the formative years in tax administration. A study of Judge Learned Hand and a view of his cases reveals much about the development of the principles of taxation.

Before analyzing the contributions of Judge Learned Hand to the American tax system, a brief look at the man would be enlightening. Billings Learned Hand was born in Albany, New York, on January 27, 1872, into a family of judges. Both his father and grandfather were lawyers and judges and as anticipated, Learned went to Harvard to eventually pursue a law career. He was Phi Beta Kappa and graduated summa cum laude with a degree in philosophy. Hand received a master of arts degree from Harvard in 1894 and then entered Harvard Law School. Hand was an editor for the Harvard Law Review and graduated with honors in 1896. After admission to the bar, he practiced law from 1897 until 1909. In 1909, President William Howard Taft appointed Hand to the Federal District Court for Southern New York. At 36 years of age, Hand was one of the youngest men ever appointed as a U.S. judge in a federal district up to that time. He served on that court for fifteen years. His cousin and best friend, Augustus Noble Hand, was appointed to the same Federal District bench in 1914. In 1924, President Calvin Coolidge appointed Learned to the Federal Court of Appeals for New York, Connecticut, and Vermont. Coolidge appointed Augustus Hand to this same court in 1927. Learned became the Chief Judge of the Second Circuit Court of Appeals in 1939. During his career, Learned Hand wrote nearly 3,000 opinions on nearly every conceivable subject. He retired in 1951. At the time of his death in 1961, he had served on the federal bench longer than any other man.

After a brief look at the individual, it is important to study the environment in which he worked. The Circuit Court of Appeals hears appeals from the district courts. Hand served at both of these levels. The decisions of the Circuit Court can be overturned by the Supreme Court. The Circuit Court of Appeals for the Second
The Second Circuit Court was located in New York City and became known as the "Top Commercial Court" during Hand's tenure. Hand was fortunate to serve most of his career with an illustrious panel of judges, including his cousin Augustus. The personnel and the performance record of Hand's court earned the Second Circuit Court a place of achievement. The greatness of Hand's court is marked by the influence it had on other courts. Even the Supreme Court respected Hand and his court, and this recognition prompted the press to call Hand the tenth Supreme Court justice. The fact that Hand was passed over for appointment to the Supreme Court has only served to compound the myth surrounding the man. The second Circuit Court under the leadership of Hand had a tremendous impact on the federal judicial system and became the most esteemed court in the nation.

Were courts ranked like baseball teams, no expert in judging could be found to rank the Supreme Court first, if only because of the number of rookies on its nine. Most expert judges would choose the Court of Appeals for the Second Circuit as the ablest court in the U.S. (Frank, p. 92).

"If Learned Hand be the great judge that great men of the bench united in designating him, an analysis of his opinions should show forth his greatness." (Lancaster, p. 443). His income tax cases covered the total spectrum of income tax issues. Hand followed a rigorous and logical process in deciding a case. The important step in this process was his analysis of the legislative intent behind the law. Hand was a leader in moving away from the myth surrounding the man. The second Circuit Court under the leadership of Hand had a tremendous impact on the federal judicial system and became the most esteemed court in the nation.

Hand's struggle with interpretation of the Internal Revenue Code was the hallmark of his tax opinions. Hand was to break away from the traditions of the time. First, he refused to follow the rule of interpreting the statutes in favor of the taxpayer. Secondly, he broke from the practice of two decades of literal interpretation of the statutes. His philosophy on interpretation is best expressed in his own words from his most famous opinion:

As the articulation of a statute increases, the room for interpretation must contract; but the meaning of a sentence may be more than that of the separate words, as a melody is more than the notes, and no degree of particularity can ever obviate recourse to the setting in which all appears, and which all collectively create (Helvering v. Gregory p. 810).

Once Hand had opened the door to liberal interpretation of the statute, he then began the struggle of placing limits on this freedom. Throughout his career he attempted to explain his position and establish guidelines to be used by the courts in the struggle of literalism versus liberalism.

One phase of Hand's efforts in the area of interpretation was the development of the business purpose test. This test, originated by Hand and now widely applied in all areas of taxation, requires that the transaction be a part of the conduct of business. If a transaction fails the business purpose test, it will be viewed as a sham. The intent and substance of the transaction were important points of Hand's examination of the circumstances.

Hand attempted to develop a complete structure of income taxation by developing concepts or principles. With regard to income, Hand would recognize income when the taxpayer who possessed control had experienced a change in status due to a certain realization of income. Since deductions were a benefit to be gained by the taxpayer, Hand generally required more proof from the taxpayer. However, the Cohan rule, developed by Hand, has been used as an escape by negligent taxpayers since the formulation of the rule in the case involving the "Yankee Doodle Dandy". In this case, the famous entertainer, George M. Cohan claimed large deductions for travel and entertainment expenses without any receipts to substantiate his deductions.

(Continued on page 14)
Hand allowed the deductions since it was reasonable to expect that Cohan would have incurred such expenses. (Cohan v. Commissioner, 39 F. 2d 540 (2d Cir., 1930))

Valuable historical insights can be gained from an analysis of Hand's opinions. First, since Hand was so close to the origins of most of the U.S. tax laws, he was in touch with the original and basic purposes behind the legislation. These basics are much easier to understand and should be used by instructors of taxation to simplify major points of the existing complex system. Secondly, the judicial and administrative struggles over interpretations of points, many of which are now taken for granted, reveal the development of the U.S. tax structure. Also of interest to historians are the power struggles which were waged in the judiciary system.

A relatively high percentage of Hand's opinions in taxation were dissenting opinions. This indicates Hand's novel approaches to tax issues. Or as another author has explained, the high number of dissents by Hand in tax cases reflect "his irritation over the complexity and confused language of the Internal Revenue Code, which was revised in the late 1930's." (Schick, p. 325)

Another measure of Hand's influence in the area of taxation is the acceptance of his views by the Supreme Court. His record shows that the higher court respected the views coming from his court. Further, many of Hand's innovations have been adopted by Congress and the Internal Revenue Service.

An analysis of Judge Learned Hand's tax opinions reveal much about the developmental process of thought, practices, and institutions in the federal tax system due to the quantity of cases and vast span of time and issues covered. As verification of this assertion, note the remark about Hand made in 1951:

The parade of tax problems that has passed before him has been so long and the components of that parade so varied that it can be truthfully said no other living federal judge has had comparable experience in the judicial resolution of tax controversies. (Diamond, pp. 81-82)

The most valuable application of an analysis of Judge Learned Hand's opinions is in the area of education and expansion of knowledge. The value of the study of tax history is borne out by the example of Learned Hand. The origin of many of our current practices may be traced to an opinion by Hand. A search for the roots of tax law should add to the depth of understanding of these rules. The source of tax disputes lies in the interpretation of statutes. No better guide than Learned Hand can be sought in navigating this complex maze. His continued leadership is evidenced by his many opinions which have remained the ruling authority. Further proof of his continuing significance is reflected by the extensive use of Hand's opinions in textbooks and casebooks adopted in law schools and other tax education courses. In addition to the direct contributions made by Hand, his influence has spread through indirect avenues as well, and this influence is difficult to measure. However, many traces of Hand's impact may be seen in the decisions of other courts and in the tax literature. His ideas have been dispersed, cultivated, and perpetuated without bounds. This example of tax history should not be viewed as merely a look into the past, but a vista of the future.

REFERENCES

Cohan v. Commissioner, 39 F. 2d 540 (2d Cir., 1930).
Schick, Marvin, Learned Hand's Court (Baltimore: Johns Hopkins Press, 1970).

POETRY FOR THE PRESIDENT

A recent article in TIME magazine stated that President Ronald Reagan's favorite poet was Robert Service (Author of "The Shooting of Dan McGrew" and "The Cremation of Sam McGee"). Readers may recall that the previous issue of THE NOTEBOOK contained an article by Paul Garner on Robert Service's early banking career. We wonder if the President knows that his favorite poet was once a British banker who temporarily embezzled petty cash.
HISTORY IN PRINT

Developments of Accounting in Japan, 1873-1945, A Round Table Discussion (Kyojiro Someya, 2-3-4-, Nishiwaseda; Shinjuku-ku; Tokyo 160, Japan, 1980).

NOTABLE CONTRIBUTIONS TO ACCOUNTING LITERATURE AWARD

Members of the Academy are invited to suggest works for nomination for the AICPA Notable Contributions to Accounting Literature Award. These nominations are restricted to articles published in either regular or irregular periodicals during the calendar year ending December 31, 1981, and books or irregular publications published during the five calendar years then ending.

Recommendations must be received by March 1, 1981. Please address your suggestions to Dale L. Flesher, School of Accountancy, University of Mississippi, University, MS 38677.
LIFE MEMBERSHIPS AWARDED

Four honorary life memberships in the Academy of Accounting Historians were awarded at the annual meeting in Chicago. The Academy By-Laws provide that scholars of distinction in accounting history may be designated as life members. Selection of such members is made by a committee of the board of trustees. Life members, in addition to basking in the glory of the honor, are eligible for reduction in annual dues.

This year marks the first time that life memberships have been awarded. The first four distinguished recipients of Academy life membership status are:

Paul Garner (Alabama)
Osamu Kojima (Japan)
Kojiro Nishikawa (Japan)
Ernest Stevelinck (Belgium)

Our sincere congratulations go to this group.

ACCOUNTING HISTORY JOKE

Professor Robert M. Kozub submitted the following accounting history joke: While discussing the article, "Profit and Loss Accountancy at Norwich Cathedral Priory," the question arose of what a priory was. My reply was that a priory was a home for unwed fathers.

RECENTLY RELEASED WORKING PAPERS


Members of the Academy may obtain copies of the above papers, free of charge, by writing Ashton C. Bishop, Department of Accounting and Finance, James Madison University, Harrisonburg, VA 22807. Nonmembers of the Academy may purchase copies at $2.00 each.

If there are any members which have history research working papers that they wish to have considered for the Academy Working Paper Series, they should send a copy to Ashton Bishop, who is the editor of the Series.