

Accounting Historians Notebook

Volume 10
Number 1 *Spring 1987*

Article 11

Spring 1987

Accounting historians notebook, 1987, Vol. 10, no. 1 (spring) [whole issue]

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Recommended Citation

(1987) "Accounting historians notebook, 1987, Vol. 10, no. 1 (spring) [whole issue]," *Accounting Historians Notebook*: Vol. 10 : No. 1 , Article 11.

Available at: https://egrove.olemiss.edu/aah_notebook/vol10/iss1/11

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The Accounting Historians NOTEBOOK

Vol 10, No. 1

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Spring, 1987

THE ACCOUNTS OF THE COMMISSIONERS OF THE CONTINENTAL CONGRESS

by

Robert H. Carstens

University of Missouri—Columbia

and

Dale L. Flesher

University of Mississippi

In November of 1776 the Continental Congress appointed a secret committee to seek foreign aid in the fight with Great Britain. Silas Deane was sent to negotiate with France. On his arrival in Paris on 7 July, 1776, Deane found the French foreign minister, le Comte de Vergennes, had already persuaded the King of France to provide one million livres (about 42,000 pounds sterling) worth of munitions and supplies to America; Spain had agreed to match the French expenditures. The goods were moved from their Spanish and French sources by means of a dummy trading company headed by Pierre Beaumarchais (author of *The Barber of Seville*).

To help Dean in his negotiations, Congress sent to Paris Arthur Lee, a Virginian who had been working in London, and Benjamin Franklin, who arrived from Philadelphia in December of

1776. These three were appointed Commissioners with powers to conclude treaties of amity and commerce. John Adams later replaced Deane.

The French court originally looked upon Americans in general as noble savages; a part of Franklin's mission may have been to change this image—in any case, his behavior was such that he was soon considered the perfect courtier, and the stock of America rose considerably in the opinion of the French government. Still, however, France hesitated to openly commit herself to the American side while the British still appeared likely to win.

Nevertheless, de Vergennes began preparations for a confrontation with Great Britain, with or without Spain. When news of the battle of Saratoga arrived in Paris on 3 December 1777 de

Continued on Page 18

My first five months as President have been quite eventful. We have begun a membership drive with some great enthusiasm shown by members of the Membership Committee. We have extended our membership to China and I hope to be able to get Professor Duo-Yang Guo's *Accounting History of China* translated by the end of the year. There is a good chance that the University of Mississippi will agree to house the Raverta tax collection. The Random House *Biographies of Notable Accountants* has been published and you should be receiving a copy of it from Random House. The AICPA Centennial projects are moving along well. Be sure to read the centennial issue of *The Journal of Accountancy* to be published in May. Peter McMickle and I are working on the souvenir booklet for our Columbia Exhibit for the Centennial. This exhibit should prove to be a good show.

Gary Previts and I have concluded that one of the best ways for our Academy to move forward is to be involved in doing the accounting history for the celebration of major events. 1992 is the 500th year of Columbus' discovery of America. "In 1492 Columbus sailed the Ocean Blue. . ." If we could get involved with the accounting records of Columbus' trip, we would get great publicity. 1994 is the 500th anniversary of Pacioli's *Summa*. We should strive to have a joint project with our Italian members for a world wide celebration of this anniversary. I have a code name—THE SUMMA 500—for the project already. 1987 is the 200th anniversary of our Constitution; 1989 is the 200th anniversary of the inauguration of George



Richard Vangermeersch

Washington. Federal accounting 200 years ago might be an interest project. 1994 is the 75th anniversary of the NAA. I am sure you can think of many more and I hope you will share these ideas with all the members.

THE ACCOUNTING HISTORIANS NOTEBOOK

The Academy of Accounting Historians
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Editor: Dale L. Flesher
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GUESS WHO CONTEST NUMBER NINE

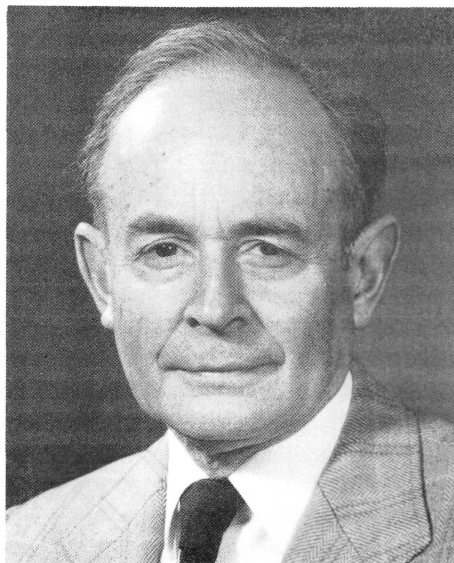
Contest Number Eight was apparently too easy as there were several members who guessed that the handsome teenager in the photograph was former Academy president Merv Wingfield, a professor at James Madison University.

The first person to correctly identify the photo was P. K. Seidman of Memphis, Tennessee. Mr. Seidman is a retired partner of the international CPA firm of Seidman & Seidman. Mr. Seidman was the runner-up in the previous guess-who contest. Another member to correctly identify Merv Wingfield was Dr. Terry Sheldahl of Savannah, Georgia. As I recall, Terry has correctly identified the photographs in all eight previous contests. He obviously knows his accounting history.

Now, on to Contest No. Nine. The picture in this issue is of a member of the Academy of Accounting Historians. He is a distinguished scholar and one of the most prolific writers and researchers in the field of accounting history. Who is he?

If you are the first to send in the correct identification, you will receive a valuable prize. The prize is a copy of a book entitled *The New-Product Decision* which was co-authored by Dale and Tonya Flesher. This book would cost you \$15.95 if you were to buy it from the National Association of Accountants.

As in past contests, there will actually be two prizes awarded—one for the first correct entry from North America and one for the first correct entry postmarked outside of North America. This policy allows for the delay in the mail service of foreign members. Officers and trustees of the Academy are encouraged to participate, but are not eligible for prizes. Put on your thinking caps and send your entry to Dale L. Flesher at the editorial address.



GUESS WHO?

IIA DISTRIBUTES TRIVIA/HISTORY GAME

The Institute of Internal Auditors (P.O. Box 1119, Altamonte Springs, FL 32715-1119) has mailed out a short trivia-type game to promote its 1987 annual meeting in Dallas. Some of the questions include: "When was the IIA founded?" (1941), "Who is the father of modern internal auditing?" (Lawrence Sawyer); and "Who was the IIA's first international president?" (John B. Thurston).

The IIA is taking a greater interest in history as the organization approaches its 50th anniversary which is to be celebrated in 1991. The IIA's two-man history committee is led by Victor Brink, a founding member of the organization and a legend in internal auditing circles. Dale Flesher, president-elect of the Academy of Accounting Historians, also serves on the IIA history committee with Dr. Brink.

by
Ernest Stevelinck

"A pur always finds one more pur who purifies him."

I have received a copy of a somewhat harsh letter addressed to the editor of *The Accounting Historians Notebook*, Dale L. Flesher, who might now regret having printed a biographic article about Albert Dupont. Mr. James W. Jones of Baltimore, a very careful reader of *The Notebook* and a knowledgeable accounting historian, pointed out, quite correctly, that the International Accountants Congress was held in Amsterdam in 1926. Not in 1929 as was erroneously stated in the article.

Some explanation may be in order. After many and persistent requests on my part, I finally received from the son of Albert Dupont seventeen full pages of biographical information about his father. After struggling with the problems of multiple Spanish railroad lines prior to 1918, the exact size of Continental and Spanish gauges at that date, familiarization with members of his family, and so forth, I came across the following passage: "Notons encore qu'au Congres des Experts-Comptables a Amsterdam en 1929, Albert Dupont prononce quelque mots pour plaider en faveur de l'Histoire de la Comptabilite." (Also note that during the Congress of Expert [Public] Accountants held in Amsterdam in 1929, Albert Dupont said a few words in defense of accounting history.)

As an accounting historian, I should have verified the date but I did not. I will never forgive myself for this gross negligence. Especially since I have a complete card index relating to all of the accounting congresses.

I am culpable and plead no extenuating circumstances, but I am in good company. Both Alfred R. Roberts and Dale L. Flesher

who edited and/or partially translated the article also missed this error. It was up to James W. Jones, CPA, to re-establish the truth.

So, dear reader, before you do anything else, quickly go to page 27 of *The Accounting Historians Notebook* (Vol. 9, No. 2—Fall 1986) to line 37 of the first column (I hope I have counted correctly) and, with red ink, change the last number of the date from 9 to 6. The younger generations should not be subjected to "gross misstatements of fact" in so authoritative a publication as *The Accounting Historians Notebook*.

B-PROUD

The Historical Society of Pennsylvania, in conjunction with AT&T, will sponsor the toll-free number—1-800-3-B-PROUD—as a service to the American people during 1986-87 in observance of the bicentennial of the Constitution. The service provides callers with historical facts, humorous anecdotes, and other stories revolving around the adoption of the Constitution in Philadelphia in 1787. Also included are listings of scheduled bicentennial programs and events in Philadelphia and across the country.

HISTORY IN PRINT

The following articles on accounting history have appeared in non-Academy publications during the past few months. The articles are listed here to make members aware of the articles being published and the publication outlets available. Readers are urged to keep the editor of *The Notebook* alerted to publications which should be listed in this column. Send your suggestions to Dale Flesher at the editorial address. Readers in Asia and Australia may send their suggestions to Dr. Robert Gibson, School of Management, Deakin University, Victoria 3217 AUSTRALIA.

Bloom, Robert, "The Development of the Concepts of Earnings and Earning Power in Accounting Literature," *Accounting History* (England) (December, 1986), pp. 6-32.

Flesher, Dale L. and Jalal Saroosh, "Riverboat Accounting and Profitability," *Journal of Mississippi History* (February, 1987), pp. 23-33.

Hannah, Leslie, "Corporate Histories: Limited Liability Offers a 1980s Boom," *Accounting History* (England) (December, 1986), p. 5; Reprinted from *The Financial Times* (November 19, 1986).

Journal of Accountancy (May, 1987), The entire issue (400 pages) is devoted to accounting history in that it celebrates the 100th Anniversary of the AICPA.

Levi, Margaret, *Compliance to the Commonwealth Income Tax in Australia*, Working Papers in Economic History No. 73, Australian National University, Canberra; also to be published as a chapter of *Of Rule and Revenue*, University of California Press.

Lodge, Arthur, "Annals of Taxation," Series of articles on tax history in each *Journal of Accountancy* (January through April, 1987).

Lodge, Arthur, "Centennial," Series of articles on accounting history in each *Journal of Accountancy* (February through April, 1987).

Morris, Richard D., "Lee v. Neuchatel Asphalt Company (1889) and Depreciation Accounting: Two Empirical Studies," *Accounting and Business Research* (Winter, 1986), pp. 71-82.

Parker, Robert, "Cost and Management Accounting," *Australian Accountant* (July, 1986), pp. 79-80.

Parker, Robert, "From the Abacus to the Computer," *Australian Accountant* (August, 1986), pp. 81-82.

Parker, Robert, "Corporate Financial Reporting in the U.K." *Australian Accountant* (September, 1986), pp. 80-82.

Parker, Robert, "Inflation Accounting," *Australian Accountant* (October, 1986), pp. 48-49.

Parker, Robert, "Accounting in Australia," *Australian Accountant* (November, 1986), pp. 85-86.

Parker, Robert, "Five Men of Account," *Australian Accountant* (December, 1986), pp. 86-88.

Parkinson, John M., "Daniel Defoe: Accountant," *Accounting History* (England) (December, 1986), pp. 33-49.

Rutherford, B.A., "An Early Skirmish in the Battles Between the Comptroller and Auditor General and the Government," *Accounting History* (England) (December, 1986), pp. 50-55.

Stevellinck, Ernest, "Ronald Robert Coomber—Accounting Historian 1901-1974," *Accounting History* (England) (December, 1986), pp. 56-63.

Tinker, T. and M. Neimark, "The Role of Annual Reports in Gender and Class Contradictions at General Motors: 1917-1976," *Accounting, Organizations and Society* (Vol. 12, No. 1, 1987), pp. 71-88.

PAPERS ACCEPTED FOR FIFTH WORLD CONGRESS IN SYDNEY

Although the program for the Fifth World Congress of Accounting Historians, to be held in Sydney in August 1988, is not complete, several papers have initially been accepted. They include the following:

1. O. Finley Graves, University of Mississippi, "Walter Mahlberg's Valuation Theory: An Anomaly in the Development of Inflation Accounting."
2. Benjamin Y. Tai, California State University, "The Role of Government Auditors in Ancient China."
3. Stephen Yam, The Chinese University of Hong Kong, "Historical Development of Auditing in China."
4. Thomas G. Black, San Jose State University, "The Evolutionary Development of United States Government Contract Cost Principles and Cost Accounting Standards."
5. Alan J. Richardson, University of Alberta (co-author, J. J. Williams), "The Evolution of Management Accounting in Canada."
6. Geoffrey Alan Lee, The University of Nottingham, "Manuscript Additions to the Edinburgh University Copy of Luca Pacioli's *Summa de Arithmetica*."
7. R. E. Stewart, Seattle Pacific University, "The Study of Business Archives: The Methodology of Accounting History."
8. Jeffrey Kantor, University of Windsor, "Valuations: Origins from the Mishnah and Gemara."
9. Dahli Gray, University of Notre Dame, "Evolution and Revolution of International Tax Policies and Practices."
10. M. J. Mephram, Heriot-Watt University, "Accounting in Eighteenth Century Scotland."
11. Julian Hodge, The University College of Wales (co-author, Keith Hoskin), "The Genesis of Accountability: The West Point Connections."
12. Tony Sainsburg, Association of Accounting Technicians, "The Evolution of Accountancy as a Two-Tiered Profession."
13. Gary John Previts, Case Western Reserve University, "From Rote to Reason, The Development of American Accounting Thought 1860-1890."
14. Kerri Allen, Griffith University, "A Critical Historical Analysis of the Australian Society of Accountants."
15. J. L. Boockholdt, University of Houston, "Management Control and Performance Reporting in the Early American Railroads."
16. Robert Bloom, John Carroll University (co-author, Araya Debessay), "Gilman's Contributions to Accounting Thought: A Golden Anniversary Retrospective."
17. Lyle Jacobsen, California State University, "Early Accounting Data Bases of the Pacific: Knotted Cords in the Ryuku Islands."
18. Denise Schmandt-Besserat, The University of Texas, "Accounting in Prehistory."
19. R. H. Parker, University of Exeter, "British Dictionaries, Glossaries and Encyclopedias of Accounting Since 1675."
20. R. J. Lister, The University of Liverpool, "Business Finance and the

Vitality of the Orthodox Model: The Talmudic Case in Historical Perspective."

21. Lee D. Parker, Griffith University, "Managerial Accounting in the British Industrial Revolution."
22. Lee D. Parker, Griffith University (co-author, James Guthrie), "Critical Perspectives of Corporate Social Disclosure: A Historical Case Study."
23. J. R. Mace, University of Lancaster, "Anecdotes from the History of Corporate Finance and the Stock Exchange in the UK Prior to 1890."
24. J. R. Mace, University of Lancaster, "The Influence of Early Accountancy and Commerical Arithmetic Texts."
25. J. R. Mace, University of Lancaster, "A Review of the History of Public Finance and Taxation in the UK with a Special Reference to the Development and Implementation of the Concept of Taxing 'Income' and the Use of Accounting Data for the Purpose 1788-1888."
26. Dale L. Flesher, University of Mississippi, "The Development of Operational (Value-for-Money) Auditing in English-Speaking Countries."

ARCHIVES IN BUSINESS AND TECHNOLOGICAL HISTORY AT CCHS

Cortland, New York—The Cortland County Historical Society holds photographic, print and archival collections in business and technological history that are available to scholars and researchers. Three main subjects are covered in these archives: the products and operations of Brockway Truck from 1912 through 1977, the Wickwire manufactures of nails, wire and hardware cloth from 1881 through 1971, and the invention and production of well drill equipment by James Suggett in the last quarter of the nineteenth century.

The Brockway collection consists of nearly seven thousand photographic negatives and prints of vehicle bodies built by this firm from 1912-1977. Brockway manufactured trucks, buses, delivery vans, road construction and maintenance equipment, fire engines, and other vehicles from customer specifications. The visual archive is associated with approximately twelve running feet of business records.

The Wickwire material also includes some photographs, but the bulk of the collection is a large group of manuscript business records in bound volumes dating from the 1870's through the 1930's. The Suggett material, including photographic, manuscript and print documents of James Suggett's enterprise, covers approximately the same time period.

Historians and other researchers are invited to request futher information on the collection and the Society's research services. Contact Rachel Savage or Mary Ann Kane, 25 Homer Avenue, Cortland, New York 13045.

WILLARD J. GRAHAM: THE LEADING PRICE-LEVEL ACCOUNTING ADVOCATE

by
Harold Q. Langenderfer
University of North Carolina
and
Grover L. Porter
University of Alabama-Huntsville

Willard J. Graham had diverse interests that extend beyond the boundaries of this paper [Porter and Langenderfer, Spring 1985]. This paper will focus on his thinking and his contributions in the area of price-level accounting.

While Graham was deeply interested in all aspects of accounting [Porter and Langenderfer, Spring 1985], his first and lasting professional "love" was price-level accounting. We are unsure whether his interest in price-level accounting preceded or followed the research he performed for his doctoral dissertation on *Public Utility Valuation* [Graham, 1934] which was completed in 1934, but we think a possible genesis of his interest in the inflation issue may be found in this story that Graham often told to audiences:

Back in 1919 I was in the shoe business, that is, I was working Saturdays, at \$1.25 a day, in a shoe store in a little town in Colorado while going to school. One snowy day I sold a pair of shoes; the box said the cost was \$5.00 and the selling price was \$7.00; and I sold them at \$7.00. It was the next-to-last pair of that particular item, so I put it in the "want book," which we had hanging on the wall.

That night I helped the owner make out the orders for new stock. When we came to this particular item, we found that the wholesale price was \$7.50. Prices were going up fast in 1919, as most of you cannot remember—but some of us can. So, the owner said to me, "Did you make a profit on that deal?"

I said, "Sure. They cost \$5.00 and I sold them for \$7.00; that's two dollars."

"But," he said, "it costs \$7.50 to replace them."

"Well," I said, "you can price the new pair at \$10.00 and make your profit on them too."

"But," he said, "suppose you had been ill today and couldn't have come to work. We couldn't have waited on all our customers. Your customer might have gone away without his pair of shoes. Wouldn't we have saved fifty cents?"

And you know, I never forgot that. [Graham, 1949b].

Although this story emphasizes the replacement cost concept, Graham surely recognized that in many cases the replacement cost was more often a reflection of the impact of inflation than a reflection of a change in real value [Graham, 1959a]. In any case, we do know that Graham was perhaps "the strongest advocate (of price-level accounting) in the United States" [Edwards and Bell, 1965, p. 26] from 1934 until his death in 1966.

Recommendations Regarding Price-Level Accounting

Graham's advocacy of price-level accounting was contained in numerous lectures, speeches, and manuscripts. In addition, his testimony regarding the topic was incorporated into many governmental documents including the 1959 *Tax Revision Compendium* [Graham, 1959b]. While the condensation of his opinions,

proposals, suggestions, and conclusions regarding price-level accounting is a monumental task, we will try to communicate the essence of his views on price-level accounting through the excerpt of the following questions and answers from a very excellent statement of the problem and one approach to its solution promulgated in 1951 while Graham was Chairman of the American Accounting Association's Committee on Accounting Concepts and Standards:

Question I:

Is modification of the conventional accounting approach to net income determination to give explicit recognition to changes in the value of the dollar a desirable development?

Answer to Question I:

- (1) In periodic reports to stockholders, the primary financial statements, prepared by management and verified by an independent accountant, should, at the present stage of accounting development, continue to reflect historical dollar costs.
- (2) There is reason for believing that knowledge of the effects of the changing value of the dollar upon financial position and operating results may be useful information, if a practical and substantially uniform method of measurement and disclosure can be developed.
- (3) The accounting effects of the changing value of the dollar should be made the subject of intensive research and experimentation; the specific significance of the basic problem should be determined with as much accuracy as possible; the means of its solution, if its significance warrants, should be thoroughly investigated.

Question II:

If so, what methods are most appropriate for measuring variations in the value of the dollar and for giving effect to such variations in financial reports?

Answer to Question II:

- (1) The effects of price fluctuations upon financial reports should be measured in terms of the over-all purchasing power of the dollar—that is, changes in the general price level as measured by a *general* price index. For this purpose,

adjustments should not be based on either the current value or the replacement costs of specific types of capital consumed.

- (2) The measurement of price level changes should be all-inclusive; all statement items affected should be adjusted in a consistent manner.

Question III:

If such modification is desirable, how is disclosure best to be accomplished?

Answer to Question III:

- (1) Management may properly include in periodic reports to stockholders comprehensive supplementary statements which present the effects of the fluctuation in the value of the dollar upon net income and upon financial position.
 - (a) Such supplementary statements should be internally consistent; the income statement and the balance sheet should both be adjusted by the same procedures, so that the figures in such complementary statements are coordinate and have the same relative significance.
 - (b) Such supplementary statements should be reconciled in detail with the primary statement reflecting unadjusted original dollar costs, and should be regarded as an extension or elaboration of the primary statements rather than as a departure therefrom.
 - (c) Such supplementary statements should be accompanied by comments and explanations clearly setting forth the implications, uses, and limitations of the adjusted data [Graham, 1951].

The preceding recommendations could have been incorporated into financial statements several decades ago. The interest in price-level accounting waxes and wanes, however, depending upon whether the inflation rates are high or low. A few years ago, when domestic inflation rates were high, the Financial Accounting Standards Board (FASB), through SFAS-33, required that certain corporations report inflation-adjusted financial information in their annual reports [FASB, 1979]. Today, however, "interest in infla-

tion accounting has generally declined because of the low domestic inflation rates" [Bisgay, July 1985]. Perhaps for this, or other reasons, the FASB recently by a four-to-three vote, through SFAS-89, made "voluntary the supplementary disclosure of current cost/constant purchasing power information" [FASB, 1986].

In a report on a recent questionnaire survey, Rosensweig [April 1985] indicated that not as many firms were using constant purchasing power information generated for external financial reports as required by SFAS-33 as he had expected. We speculate that Graham would not have been surprised at this finding primarily because the profession elected to present only selected data rather than comprehensive statements on a current cost/constant dollar basis. After all, when an analyst wants to delve into the financial affairs of a business, s/he wants to do a comprehensive in-depth analysis, not a skimpy overview. Yet at the present time comparable statements on both a historical cost-constant dollar basis are not available.

These evidences of a decline in interest regarding the effect of inflation on financial statements have been counterbalanced perhaps by a recently released research monograph on *Inflation and Managerial Decision Making* by the National Association of Accountants which contains four major recommendations that generally correspond with Graham's earlier thinking regarding the price-level issue:

First, companies should launch a major educational program for managers about the nature of inflation and its effects on business firms.

Second, inflation-adjusted data ought to be a part of strategic planning, capital budgeting, pricing, cost budgeting, inventory management, and an analytical review of business performance.

Third, particularly for those companies most vulnerable to inflation, managers' performance should be judged on the basis of inflation-adjusted measures.

Fourth, the Financial Accounting Standards Board should continue to require the disclosure of inflation's effect on a firm [Conners, March 1985].

The fact that three of the seven FASB members dissented regarding the adoption of SFAS-89 documents the fact that there are still advocates of price-level accounting alive today. One dissenting FASB member, David Mosso ". . . believes that accounting for the interrelated effects of general and specific price changes is the most critical set of issues that the Board will face in this century. It is too important either to be dealt with inconclusively as in the original Statement 33 or to be written off as a lost cause as in this Statement" [FASB, 1986]. FASB members Raymond Lauver and Robert Swieringa shared the views expressed by their fellow dissenting colleague.

Conclusion

Whether of the "galloping" or "creeping" variety, "Inflation is a dangerous threat to our economy" [Graham, 1959b, p. 1179]. In this regard, Graham was quick to point out that one of the "fathers" of communism once remarked, "the way to destroy capitalism (America) is by the debauchment of the currency, which is the essence of inflation" [Graham, 1959a]. As Graham testified before the congressional Committee on Ways and Means in Washington in 1959, "If it (inflation) cannot be controlled, resulting inequities can be reduced by a principle of taxing economic gain rather than dollar gain" [Graham, 1959b, p. 1179].

Today, after more than 25 years, these important recommendations regarding price-level accounting have not been adequately incorporated into the FASB

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standards and SEC regulations underlying
the preparation of financial statements.
Neither, have they been made an integral
part of the Internal Revenue Code.

In a debate that included Willard
Graham, Maurice Stans, and Leonard
Spacek regarding price-level accounting
before the Institute of Internal Auditors
in Chicago in 1949, Stans complimented
Graham by stating that he was "twenty
years ahead of his time and of his
contemporaries" [Graham, Stans and
Spacek, 1949]. Unfortunately, it appears
that he may have been much further
ahead of his accounting contemporaries
than predicted by Stans.

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ENCOURAGE DOCTORAL
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The annual meetings of the Academy of Accounting Historians will be held in the OMNI NETHERLAND PLAZA. It is located directly across the street from the AAA headquarters hotel. If you want to make reservations there call 1-800-THE-OMNI, or write to 35 West Fifth Street, Cincinnati, OH 45202, (513/421-9100).

We have reserved meeting space in THE OMNI for the following meetings:

Sunday, August 16, 1987

Noon-1:30PM Past President's Lunch

2:00PM-5:00PM Trustees' Meeting

5:30PM-7:30PM Trustees' Dinner

Monday, August 17, 1987

10:00AM-Noon Annual Business Meeting

Please mark your calendar so that we can have the best attendance possible at these meetings. As the convention time comes closer we will inform you of the exact rooms for these meetings. Note that, under the by-laws of The Academy, all officers are Trustees.

GUIDE TO INDIANA MANUSCRIPTS AVAILABLE

The Indiana Historical Society has recently published a 513-page book entitled *A Guide to Manuscript Collections of the Historical Society and Indiana State Library*. This volume serves as a guide to 809 major collections of the two libraries. Information contained in the collection descriptions includes dates of the records in the collection, size of collection, finding aids, shelf numbers, lists of collection contents, and a biographical sketch of the principal person or persons, or historical sketch of the

organization or business, to which the records pertain. The book is available for \$25 from the Indiana Historical Society, 315 West Ohio Street, Indianapolis, IN 46202.

This volume should be of interest to researchers who might wish to become involved in archival accounting history research. If more libraries prepared finding aids related to collections of business records, such records would be more widely studied.

AICPA CENTENNIAL OBSERVATION 1887-1987
Reflections on the Relationship between Practice and Academe

AAA Annual Meeting

Wednesday August 19, 1987

8:30 to 10:00 a.m.

Moderator: Edward N. Coffman

Virginia Commonwealth University

Chairman, Trustees of the Academy of Accounting Historians

Presentations

by

Sidney Davidson

Vice-President, American Institute of CPAs

Arthur Young Professor of Accounting

University of Chicago

Oscar Gellein

Member (Emeritus), Financial Accounting Standards Board

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Discussants

James Don Edwards

Past President, American Accounting Association

J. M. Tull Professor, The University of Georgia

Joseph Weber, Partner

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National Director of Accounting Research

Accounting Historians Notebook, Vol. 10 [1987], No. 1, Art. 11
**COST MANAGEMENT REDISCOVERED: HISTORICAL
PERSPECTIVES ON TEACHING AND RESEARCH IN
MANAGEMENT ACCOUNTING**

**Prospectus for a continuing education course at the American
Accounting Association annual meeting in Cincinnati on 8/16/87**

*Instructor: H. Thomas Johnson, Zulauf Alumni Professor of Accounting at
Pacific Lutheran University, Tacoma, WA*

Course duration: one day

Enrollment limit: none

Prerequisites: none

The subject of this course is the decline and reappearance of strategic cost management in the 20th century. A tool for gaining competitive advantage, strategic cost management focuses on long-term drivers of cost and value. It pays careful attention to the design of cost information systems—especially the fit between management information and the characteristics of an organization's technology and markets. This course will acquaint teachers and scholars of management accounting with recent literature and new teaching cases involving strategic cost management. By showing how American manufacturers' cost management systems failed to keep pace with changing markets and technology after World War II, the course asks people to consider how well cost management systems fit today's markets and technologies. The answer affects managers who

face the new markets and technologies of the 1990s as well as accounting professors who believe that students should learn relevant management accounting.

This course is intended for all persons (new Ph.D.s, doctoral students, and seasoned veterans alike) whose teaching or research involve management accounting, cost accounting, or accounting history. The instructor teaches, consults, and writes extensively on the subjects of cost management and management accounting history. His latest book, co-authored with Robert S. Kaplan, is *Relevance Lost: The Rise and Fall of Management Accounting* (Boston: Harvard Business School Press, 1987).

A course outline, selected readings and a copy of *Relevance Lost* will be mailed on about August 1st to persons registering for the course before July 15, 1987.

CALL FOR PAPERS

The International Accounting Section of the American Accounting Association intends to publish significant contributions to the area of International Accounting, including subjects related to accounting history, in the form of occasional monographs. This will allow in-depth presentation of issues. Empirical as well as conceptual research and approaches will be considered.

Interested parties are requested to contact the Publication Committee and send outlines or completed manuscripts for consideration. Decisions will be made by the publications committee and the officers of the Section after consulting qualified reviewers (blind reviews will be conducted). Submissions are not restricted to members only.

Inquiries and submissions should be sent to the chair of the publications committee:

Hanns Martin W. Schoenfeld
H. T. Scovill Professor of Accountancy
211 Commerce Building West
1206 South Sixth Street
Champaign, Illinois 61820

FOOD FOR THOUGHT

Illiteracy in Cajun country is common and is considered no disgrace. A retired social worker in the town of Houma remembers her father, a butcher, keeping his accounts by drawing pictures of each animal processed.

From: *The Wall Street Journal*, February 26, 1987.

CALL FOR PAPERS:

RENAISSANCE CONFERENCE

The 1988 Annual Meeting of the Central Renaissance Conference will be held at Indiana State University, Terre Haute, April 14-16, 1988. Papers are invited concerning any aspect of Renaissance society and culture, including the accounting and business history of the Renaissance. Please send one-page abstract by December 15, 1987, to:

Robert Clouse
Department of History
Indiana State University
Terre Haute, IN 47809

There will be at least one session on accounting history chaired by Academy member Patti Mills of the Indiana State faculty.

BIOGRAPHIES OF NOTABLE ACCOUNTANTS

The Academy's Committee on Accounting History Education, in cooperation with Random House, has published *Biographies of Notable Accountants*. Horace Givens of the University of Maine, Chairman of the Committee, acted as editor for the publication. This short book contains biographies of 15 accountants, ranging from the very well-known (Paciolo, Paton, Littleton) to the less well-known (Duff, Jones). The publication was developed to provide historical materials for use as supplements in traditional accounting courses. It is being distributed at no charge by Random House. Copies of the booklet have been sent to all Academy members. If you have not received a copy, or if you wish additional copies for classroom use, please request them from:
Random House, Inc.
201 East 50th Street
New York, New York 10022

WORKING PAPER SERIES

Working papers on research in accounting history are published on an irregular basis by the Academy. A complimentary copy of each working paper issued during a fiscal year is available to members upon request during the fiscal year the working paper is printed. The most recent working papers are:

No. 67, "Riverboat Stewardship Accounting: The Betsey Ann," by Dale L. Flesher (University of Mississippi), Jalal Soroosh (Loyola College in Maryland), and Horace R. Givens (University of Maine at Orono).

No. 68, "Remembering Paul F. Grady, Accountancy's Statesman, 1900-1984," by Gary John Previts (Case Western Reserve University).

No. 69, "Women in Accounting," by Edward A. Becker (Nova University).

No. 70, "The Development of the Recurring-Nonrecurring Earnings Presentation," by Jenice P. Stewart (University of Missouri).

Copies of working papers produced in prior years are available to members at a nominal cost of \$2.

Papers for possible inclusion in the Working Paper Series should be submitted to:

Rasoul H. Tondkar, Editor

School of Business

Virginia Commonwealth University

Richmond, VA 23284 USA

Three bound volumes containing the first 60 working papers published by the Academy are also available. Volume I contains the first 20 working papers, Volume II contains papers 21-40, and Volume III contains papers 41-60. These volumes are available to members at \$5 each. The price to nonmembers is \$7.50 per volume. Order from: The Academy of Accounting Historians, P.O. Box 658, Georgia State University, Atlanta, GA 30303 USA.

AICPA FLOAT WINS AWARD; CENTENNIAL UPDATE

The Institute's centennial year got off to an auspicious start when the AICPA's entry in the Tournament of Roses Parade in Pasadena on New Year's Day, *New World Discovery*, won the Anniversary Award for the best presentation of life in the U.S.A. There were 59 floats in the parade. The float was shown on four networks and beamed, via satellite, to 38 countries, with 250 million potential viewers exposed to the fact that the AICPA is celebrating its centennial.

Commemorative Items—Members who would like keepsakes of the Institute's 100th birthday are encouraged to review the brochure recently mailed. Many of the items are suitable gifts to staff, clients, or business associates. Additional copies of the illustrative brochure are available from Jim Flynn at the AICPA.

Journal Special—The May 1987 issue of the *Journal of Accountancy* has been designated as the AICPA Centennial Issue. As such, it features a variety of articles that deal retrospectively and prospectively with issues facing the profession. They include such topics as auditing, the CPA's role in government, industry, education and taxes. Ethics and legal questions are also discussed.

The editor of the issue, James Don Edwards, is a former member of the AICPA board of directors, a past president of the American Accounting Association and is currently a professor of accounting at the University of Georgia.

COLUMBIAN ACCOUNTING

Professor John Cardon Artega of the University of Antioquia in Columbia submitted a letter to the Academy president which included the following paragraphs concerning accounting History.

I am presently developing an investigation titled "History of Accounting in Antioquia 1850-1900" which should be concluded about the middle of this year. Antioquia is a State of Colombia whose capital is the city of Medellin; the University of Antioquia is the second of the country and is of official character.

I would like to exchange information related to my investigation, by which I authorize the Academy to send my address to interested people.

Additionally we publish the *University of Antioquia Accounting Journal*.

Our intention is to obtain collaborations of other consistent professors in works or investigations that we will translate. It would please us to officialize this offer to the members of the Academy that you dignantly preside. In number 10 that will be published in March, there will be a historic investigation by Professor Michael Chatfield, also of the Academy.

HISTORY SESSION AT SEAAA MEETING

The accounting history session at this year's Southeast Regional American Accounting Association meeting was well attended. The program was moderated by Alfred R. Roberts of Georgia State University. Four papers were presented and published in the *Proceedings*. The papers and authors were as follows:

"Fragments of a Book of Tuscan Bankers in the Thirteenth Century (1260-1262)," Alvaro Martinelli, Appalachian State University.

PACIOLI PRINT USED IN ADVERTISING

Accounting history has again been used by a textbook publisher to help promote a new book. Kent Publishing Company (20 Park Plaza, Boston, MA 02116) distributed an advertising poster depicting in black and white the famous portrait of Luca Pacioli which hangs in the Naples Museum of Art. The advertisement, which was sent to most accounting professors in the United States, was part of a promotion for the publisher's new principles textbook, *Introduction to Financial Accounting*. Many recipients of the poster have found the picture suitable for framing or other display.

In addition to Kent Publishing Company, both South-Western and Random House have provided professors with quality accounting-history-related materials in the past few months. These publishers have apparently realized the importance of accounting history in the learning process and the Academy is appreciative of the efforts these publishers have made to publicize the area of our specialty.

"Thomas Goudie and the Bank of Liverpool Fraud: A Breakdown in Internal Control," Horace R. Givens, University of Maine.

"Plantation Accounting in a Post-Civil War Environment," Jan R. Heier, Auburn University at Montgomery.

"An Investigation and Compilation of All Purported Eighteenth Century Works on Accounting Published in America," Peter L. McMickle, Memphis State University, Paul H. Jensen, Memphis State University.

Silas Deane

Vergennes became fearful of a British/American reconciliation based on increased American power and a resultant standoff between the two countries, which could leave the British unencumbered and in a position to attack France while America, having achieved its objectives, stayed out; de Vergennes tried desperately to secure an open Spanish commitment to aid America; but failed. Accordingly, in order to bind America to France, the French government agreed to a treaty of commerce and amity with America, and also a treaty of alliance, the stated purpose of which was to maintain American independence. The treaties were signed 6 February, 1778; the records which will be analysed here begin within a month or two of this date [1,115 et. seq.].

Accounts of Franklin and Adams

The material being examined in this paper consists of certain accounting records: the Household accounts of Benjamin Franklin and John Adams at Passy, for the period from 9 April to 24 August 1778, in English [3, 6:16-20], and the accounts of the Commissioners (Franklin, Adams, and Lee) with the Swiss banker Ferdinand Grand of Paris, from 30 March to 12 November 1778, in French [3,6:2-6, 246-247, 359-362], along with some of the letters written by and received by John Adams during this same period. These documents are now available to scholars in the recently published *Papers of John Adams*. It should be noted that larger sums relating to personal expenditures were often paid through the banker Grand rather than from the household accounts, which were used for general living expenses, smaller personal expenditures, and as a sort of petty cash fund for official business.

As noted above, Deane had been the first of the American representatives to be posted to Paris, arriving in July of 1776, followed several months later by Arthur Lee, and in December of 1776 by Benjamin Franklin. Deane was recalled by a vote of Congress on 27 November 1777; the letter dated 8 December 1777 was transmitted to him. The "...primary reason for Deane's recall was his readiness to commission foreign officers [in the Continental forces]." [3, 5:208] Deane received this letter about mid-March 1778 (trans-Atlantic war-time communications were notoriously slow and unreliable); by this time John Adams had been sent to replace Deane, arriving in early April. Deane departed France via Toulon on 13 April 1778.

Since it seems the personal expenses of the Commissioners were paid by the Commission, it is not surprising that Deane left behind him after his sudden recall a number of unpaid accounts. On 30 March Grand's account shows a withdrawal by Deane of 4,800 livre (L.4, 800)¹, presumably to see him from Paris to Toulon. Further payments made on Deane's behalf through Grand were: 3 July, to his landlady Mme. de Coalin, L.3, 600 for six months' rent; 17 July, to M. Poussin, an upholsterer, for unspecified services, L.4, 294; 20 July, from M. Sollier, another Paris banker, a refund apparently, again unspecified, of L.2,000. Small bills were paid from the Commissioners' household account:

16, April, to a wheelwright	L.168
1 May, for hire of horses	120
to Hill, a tailor, the remainder of Deane's account	278
7 May, to Blondin, Deane's servant, the remainder due and to Blondin's brother, also a servant	414.81
	224.16

to a sadler²

6

13 July, to the Widow Soubrillard,
restaurant-keeper (interestingly,
"traiteur" also translates as
"trader with savages")

12.11

to the Blacksmith at Passy²

80.10

L.1,323.18

Altogether, then, monies paid on Deane's behalf after he left Paris amounted to some L.7, 217.18, or 300 pounds sterling, not including the L.4,800 withdrawn by Deane prior to his departure.

John Adams

Adams arrived in Paris on the night of 8 April 1778, and went on to Passy the next day, where he took up residence. His first act was to co-sign an order, with Franklin, for L.4,800 his first day there. He later grew concerned with the Commissioner's expenses at Passy, and communicated this concern to Franklin in a letter on 6 September [3,6:21]; as a result he took over the household account book on 13 September. No entries were made from 24 September to 1 October, as apparently he and Franklin were discussing the form and content of the accounts [3, 6:21]. A copy of Adams' accounts was not available; our records end on 24 September 1778.

The first household expenses relating to Adams were on 10 April, when an entry was made for payment of cartage for bringing Adams' things from Paris (L.3.12). On 16 April a pair of silver shoe buckles and a pair of knee buckles were purchased for him [3, 6:16]; these were presumably used by Adams for his presentation to the King of France on 8 May, when the sum of L.28 was paid for "dinner for some Americans at Versailles..." on the occasion [3, 6:17]. On both 22 April and 6 May Adams received L.480 from the household accounts, presumably to cover immediate expenses. From 6 May to the end of our records, 24 August, no further

specific entries relating to Adams were made in the household accounts, although he withdrew, on 16 June and again on 6 August, the sum of L.2,400 from the Commissioners' account with Grand. Other withdrawals on Adams' behalf from the Commissioners' account consisted of three payments to Dennis Hill, a Paris tailor (Continental fashions must have been not up to Paris standards even then). On 27 October Adams made a further withdrawal of L.684.17. Thus the total expenditures relating to Adams amounted to some L.6,721.9 (excluding the dinner for the Americans) over the period 9 April to 12 November.

Benjamin Franklin

Franklin obviously filled the senior diplomatic position in the Commission; it would appear from Grand's account records that Franklin was also the Commissioner in charge of financial matters since he, singly or in concert with one or more of the other Commissioners, provided signatures for over 90% of the documents relating to the account—even though the other Commissioners appear to have had equal signing rights.

During the period of the household accounts Franklin made no withdrawals for personal use from Grand; he did receive L.2,180 in advances from the household accounts during this period, in three payments; a further L.2,400 was paid to Franklin from Grand's account on 24 October, and L.701.4 was paid to Dennis Hill, the tailor, on Franklin's behalf on 19 October. However, numerous small amounts of household funds were paid out to cover Franklin's expenses- carriage rental, shoemaker, schooling for his grandson, sadler, servants' wages, books, blacksmith, etc., amounting to L.1,544.11 over the period of the household accounts.

The Household Expenditures

From 9 April to 12 August 19,200 livre

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were transferred from the Commissioners' account with Grand to the household account. Some of these funds, as we have seen, were later withdrawn by one or more of the Commissioners, for "pocket money" presumably, which would almost certainly encompass a number of small expenditures relating to the Commissioners' official functions. The remaining expenditures from the household account may be subdivided into three general classes: those incurred directly in the line of official business, those incurred in the direct operation of the household, and those expenditures used to pay servants and their expenses.

Expenses incurred directly in the line of business ranged from the purchase of a blank book (one would like to think it was intended for the keeping of accounts) costing L.4, to L.600.7 for a dinner given on 4 July—unfortunately a guest list is not available, but there were guests. Major items included freight charges on a monument to the memory of General Montgomery (authorized by Congress 25 January, 1776, to be secured from France, with Franklin responsible for its procurement), such charges being L.184.11, postage amounting to L.487.8, stationery supplies, books, maps, etc.

Pay for servants (those not specifically linked to one of the Commissioners) came to L.631, which is listed in the accounts as including their meals while away from Passy, their washing, and wine. It appears that servants were engaged on the basis of wages and room and board, including wine. Only one mention is made of a washerwoman: on 12 May she was paid L.18. This would not, one hopes, be for all the washing of two commissioners and four or five assorted servants over a period of one month—the amount is, even allowing for the standards of the time, rather niggardly. In all likelihood the washing was done by someone in the

employ of the housekeeper. One servant, "Dennis (the Froteur)" [3, 6:18], "rubber; scrubber;...floor polisher" [2, p.359] received, for the period 26 November 1777 to 26 May 1778 wages, including wine, washing, etc. totalling (paid in a single sum on 4 June 1778) the sum of L.159.6, or L.26.11 per month, roughly one pound sterling, plus room and board.

Regular household expenditures were for such items as wood (L.1,600 at L.40 per cord), "the rental of two beds...and other charges" from the upholsterer for six months [3, 6:19] at a cost of L.78; the joiner for some carpentry work, L.124.5; and for "Nine hundred Glass Bottles for the Burgundy Wine" [3, 6:17], at L.234 or 5s5d each. It would appear that someone had purchased one of the larger hogsheads (about 175 gallons) of burgundy, probably for official use.

It appears from the accounts that a housekeeper was in charge of all the domestic operations at the Passy establishment—cleaning, cooking, washing, purchasing, etc.—and in all probability utilized much of the time of the servants already mentioned, particularly that of Dennis the scrubber. In addition it is likely that the housekeeper's entire family—spouse, children, and any other relatives—worked as a part of the establishment, and their labor was counted as a housekeeping expense in the form of payments to the housekeeper for services. The housekeeper was given an initial and series of subsequent advances to cover costs and periodically must have rendered a statement of balances owing; from this it may be inferred that the housekeeper was a person of reasonable substance, able to either secure the necessary trades credit or to carry as a receivable from the Commissioners amounts expended for household expenses.

The housekeeper at the point when our

records take up was Madame Lefark (Lafarge?). We have no idea as to the balance due to or from her as of 9 April; she did however receive five advances, totalling L.2640 during the period from the beginning of our records until 8 June, when her services ceased. She was paid in full on 19 June; the notation is "Paid Made. Lefark the Remainder of her Account for Family [the Commissioners and household] Expences from 8. of March to 8th. of this Month (N.B. Her providing the Family ceased the 8. Day of this Month.)" [3, 6:19] and the final settlement amount, L.2,246.15. Since we do not know how much was advanced prior to 9 April we cannot accurately cost the household expenses. However, a total of L.4,886.15 was given to Mme Lefark from 16 April to 8 June.

Another housekeeper, this time male and therefore referred to as "Monsieur Montaigne, Maitre d'hotel," took over from Mme Lefark on 8 June. On 20 July he was given his first advance of L.288, and on 8 August a periodic settlement was made, noting "Pd. M. Montaigne, (Maitre d'hotel) the Family Expenses from 8. June to 1. July, having deducted the 288 Livs. advanced him the 20. of June [note that the account shows the advance to have been made on 20 July, not June, and the sequence confirms this]" [3, 6:20], and the amount of L.737.8. This gives a total of L.1,025.8 for 23 days or L.44.11 per day. Still on 8 August, a settlement of L.2,346.5 was made to Montaigne for the month of July; this included the L.600.7 for the 4 July dinner mentioned above, so that regular expenses for July come to L.1,745.18 or L.56.65 per day. This may be very roughly compared to the expenditures of Mme Lefark: L.4,885.15 for very roughly 53 days, or L.92.4 per day. Regardless of the roughness of this estimate it is virtually certain that M.

Montaigne used less money than Mme Lefark to run the household, at least initially, and this lends some credence to Adams' complaint, noted earlier, as to the level of household expenses being excessive.

The Commission's Expenditures

On 30 March 1778 the Commissioners' account with Grand had a debit balance of L.554,143.18; the period ended on 12 November with a credit balance of L.439,728.15.7, giving a net outflow of L.1,268,534.8.11, or about 52,750 pounds sterling. This included both the personal and household expenses as noted above and the official or business expenditures to be analysed below.

One of the functions of the Commissioners was to act as acceptors of drafts issued by various American commercial agents in Europe and elsewhere, and by other authorized persons. Tables I and II show, respectively, the drafts accepted by each Commissioner and the same drafts classified by drawer.

Table I
Drafts Accepted, By Commissioner

Commissioner(s)	Number	Amount
Franklin	51	L.296,294.5.9
Franklin and Deane	1	1,187
Franklin and Lee	4	89,445.17
Franklin, Lee and Adams	4	150,977
Deane	1	900
Adams	1	888.12
	62	539,692.14.9

Table II
Drawers of the Accepted Drafts

Drawer	Number	Amount
Hancock, Yorktown and Philadelphia	5	L.224,696.13.4
Henry Laurens, Philadelphia	36	44,761.5
S. & Z. Delap, Bordeaux, agents	1	3,836.1.9
T. & A. Dubbeldemuts, Rotterdam, and merchants	1	566
Horneca, Fizeaux & Co., bankers	1	1,772.4

Walsh, Amsterdam (ex-prisoner)	1	176
Welch and Hamilton, Brussels (ex-prisoners)	1	192
C.W.F. Dumas, Amsterdam	1	2,400
William Bingham, Martinique, agent	2	11,682.11.8
Vernon and Warren, Boston	1	2,405
John Bondfield, Bordeaux, agent	5	95,336.9
Hezekiah Ford	2	264
John Joseph Monthieu ³	2	150,713
Unspecified	3	891.10
	<u>62</u>	<u>L.539,692.14.9³</u>

It will be noted that Franklin was very much the most active member of the Commission in terms of volume of drafts accepted. A similar level of activity applies to the issue of warrants; Franklin is involved in over 85% of all financial activities. Relative to drawers of drafts, Williams at Nantes and Laurens at Philadelphia were by far the most active. Both were involved in providing funds and, particularly Williams, paying for repairs to American shipping, both military and non-military, hence the large volumes of drafts.

Laurens was president of the Continental Congress, having replaced John Hancock in that position on November 1, 1777. Interestingly, he was quoted as being skeptical of the motives of the French (4:34) calling them "artful specious half friends." Laurens was later captured by the British, spent over a year in the Tower of London, and after his release, he joined Adams and Franklin in France where he too became a peace commissioner.

Four of the drafts issued by Laurens were payable to persons listed as French officers: La Pierre, L.1,473; Ganot, L.887; Espencers, L.2,517; and Augustin Mottin de la Balme, L.900. For the first three no further information is available; for la Balme there is considerable information.

It seems that la Balme was appointed a Lieutenant Colonel of Continental Cavalry [3, 5:227]. Another French officer, de Coudray, is mentioned at the same time as being a) very promising, b) very expensive, and c) very close to the throne of France—and hence worthwhile [3, 5:226]. On 13 February 1778 Congress voted \$910 to la Balme to settle his claims and to inform him his services were no longer required. James Lovell says, in a letter to Adams dated 10 February 1778, that "We are most horribly spunged [robbed] by Mr. La Balme and others who resigning their commissions apply in a forma pauperis or on pretences of a variety of kinds." for financial aid [3, 5:407]. It will be recalled that a major complaint leading to the recall of Silas Deane was his readiness to commission foreigners into the Continental Army; although this may have been merely a plausible excuse, it must have been at least partially valid.

Another expenditure, minor in total value but major in volume and import was the issuing of warrants, usually by Franklin and either or both of Adams and Lee, as payments to ex-prisoners to ease them over financial difficulties until they could ship out for America again. This appears to have been a policy of some standing [3, 6:402]. Over the period of 4 August to 3 November payments averaging L.290 were made to 61 American ex-prisoners. Interestingly, no payments at all were made for this purpose from 30 March to 4 August. It was felt, at least by Franklin, that if an ex-prisoner were in a seaport he could support himself [3, 6:385-6]. Nevertheless, support was needed, and L.17,714.10 was paid out over the three months.

Finally, Grand charged a ½% service charge, plus postage etc., on the account. This came to L.9,764.2.9 over the period considered. Other expenses—the purchase

of 34 gun carriages at Lorient, to be used for replacements on American ships, several small amounts payable to the court, some payments for the rental of carriages, etc.—added to the total outflow, but amounted to less than L.40,000 in all.

Summary

Although the information available is not complete, some idea can be obtained of the expenses necessary to maintain the Commission in Paris, the financial activities of the Commission itself, the activities and work of the individual Commissioners and the household operations of such a diplomatic establishment at the time. It seems that in fact very little of the function of the foreign service has changed over the past two hundred years—aid is provided to stranded nationals, arrangements are made to maintain and assist commercial and military operations, entertaining of both local and visiting dignitaries and officials is carried out, and establishment is maintained at some cost to uphold the dignity of the nation, and virtually endless negotiations take place; all of this of course in turn generates a huge volume of reports.

The papers and accounts examined have provided a detailed, although tantalizingly incomplete, picture of the financial aspects of maintaining a foreign mission two hundred years ago.

A complete study of the mission to France would be fascinating and worthwhile, both from the standpoint of historical importance and the opportunity to glimpse early governmental accounting systems and their workings and intended functions.

Footnotes

1. The currency used for the accounts, the livre or pound, is divided into 20 sous, which in turn are divided into 12 deniers—L/s/d, an archaic measure, similar to English currency. Further, one

ecu or crown was equal to three livre, and twenty-four livre were equal to one Louis or Louis d'or. All three currencies and systems existed simultaneously.

2. These accounts were rendered along with similar accounts for Franklin.
3. Monthieu also received a warrant for L.450,000 issued by all three Commissioners dated 19 May. Monthieu appears to have been a ship broker; he is mentioned at one point as offering the *Flammand* for use in June of 1778 [3, 6:198], and as having done business before with the Commissioners, especially Deane [3, 6:30, 59].

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1. Blum, John M., Edmund S. Morgan, Willie Lee Rose, Arthur M. Schlesinger Jr., Kenneth M. Stampp, and C. Van Woodward. *The National Experience*, 5th Edition. Harcourt Brace Jovanovich, New York, 1981.
2. *Cassell's French-English English-French Dictionary*, ed. Ernest A. Baker. Funk & Wagnalls Co., New York, 1951.
3. *Papers of John Adams*, ed. Robert J. Taylor. The Belknap Press, Cambridge, Mass, 1983. Vol. 5, August 1776-March 1778; Vol. 6, March-August 1778.
4. *Dictionary of American Biography*, Vol. VI.

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.

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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.

THE ACADEMY OF ACCOUNTING HISTORIANS 1988 ACCOUNTING HISTORY MANUSCRIPT AWARD

The Academy of Accounting Historians has established an annual manuscript award to encourage young academic scholars to pursue historical research. Any historical manuscript on any aspect of the field of accounting, broadly defined, is appropriate for submission.

Eligibility and Guidelines for Submissions

Any accounting faculty member, who received his/her doctorate within seven years, is eligible for this award. Manuscripts must conform to the style and length requirements of the *Accounting Historians Journal*. Manuscripts must be the work of one author and previously published manuscripts or manuscripts under review are not eligible for consideration.

Seven copies of each manuscript should be submitted by March 31, 1988 to: Dr. Barbara D. Merino, North Texas State University, P.O. Box 13677, Denton, Texas 76205. A cover letter, indicating the

author's mailing address, date doctoral degree awarded, and a statement that the manuscript has not been published or is not being currently considered should be included in the submission packet.

Review Process and Award

The Academy's Manuscript Award Committee will review submitted manuscripts and select one recipient each year. The author will receive a \$500 stipend and a certificate to recognize his/her outstanding achievement in historical research. The manuscript will be published in the *Accounting Historians Journal* after any revisions deemed necessary by the manuscript editor of the journal. The award will be given annually unless the manuscript award committee determines that no submission has been received that warrants recognition as an outstanding manuscript. The award will be presented at the business meeting of the Academy in Orlando in August 1988.