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‘Ferocious Lobbyists:’ The Roots of the AICPA, 1927-62

Abstract
This paper traces the emergence of the AICPA as an effective national representative of the American profession. Central to this evolution was a broadening of the Institute’s outlook to encompass all practicing CPA’s and to embrace the benefits of public relations and lobbying. The paper begins with the Wall Street elite that dominated the Institute’s predecessor, the AIA, and describes the pressures for reform that culminated in the Securities Acts of 1933 and 1934 and set this evolution in motion. The well known landmarks in the profession’s history, including William Z. Ripley, the New Deal, McKesson-Robbins, and WWII are recounted. The final section makes use of former AICPA president Marquis Eaton’s papers to show how pressure from the Securities and Exchange Commission, from competing professions, and from a geometric increase in the profession’s numbers brought a more pragmatic and aggressive leadership to the Institute, one that more closely resembles the modern AICPA.

Key Words: AICPA, AIA, Securities Acts, McKesson-Robbins, lobbying, professionalization.
1. introduction

Studies of the American accounting profession’s development often end with the 1930’s, viewing the New Deal, the unification of the profession in 1936, and the McKesson-Robbins scandal of 1939 as the seminal events in the profession’s history. (Sriram and Vollmers, 1997; Miranti, 1990) Few emphasize the importance of the next two decades, and the realignment of the profession’s leadership and goals that took place. This paper focuses on the crucial years of 1927-62, when accountants evolved from an insular, divided group with an uncertain mandate from American society for its services to a profession eager to promote itself and to expand its reach and responsibilities. From the beginning of the push to reform America’s capital markets with William Z. Ripley’s 1927 polemic Main Street and Wall Street, up to the McKesson-Robbins audit scandal, the leadership of the profession remained aloof from the opinions of those outside the profession. But in the wake of the Securities Acts of 1933 and 1934 and the McKesson-Robbins scandal of 1939, a new generation of leaders began to take a more expansive view of the profession’s proper role. Faced with pressure from the Securities and Exchange Commission, from competing professions, and from a geometric increase in the profession’s numbers, a more pragmatic group took the reins of accounting’s national leadership, embodied in the American Institute of Accountants (later the AICPA), and began to embrace the benefits of public relations and lobbying. They were motivated not only by their own vision of a greater public profile as an essential part of a true profession, but in response to the inroads competing professions were making into CPA’s hard-won jurisdictions in financial statement audits, taxes, and into the burgeoning field of management advisory services. This led them to a more aggressive and self-interested stance for the profession, eagerly seeking out new venues, and new revenue, for the CPA’s skills. Beginning with the union corruption scandals of the 1950’s, and
up to the promotion of the CPA’s abilities as a “business advisor” in 1962 during testimony before Congress by incoming AICPA president Robert Witschey, the Institute’s increasingly aggressive lobbying efforts on behalf of its members showed how far the profession’s evolution had taken it.

This paper retraces the profession’s path through the seismic shocks of the Great Depression, the New Deal, and McKesson-Robbins, and evaluates the role these events played in shifting the profession’s leadership away from the aristocratic traditions of the Wall Street-centered elite and towards a more pragmatic generation more in sync with the unique public-private regulatory model the New Dealers envisioned for the profession. I pay particular attention to the efforts of John Carey, a non-accountant who, as Executive Director of the AIA and AICPA, became the profession’s cheerleader everywhere from his editorial column in the Journal of Accountancy to the halls of Congress and state legislatures; of Marquis Eaton, who as President of the Institute from 1956-7 laid the groundwork for the profession’s new public relations efforts and presided over the Institute’s name change that finally, after twenty years of resistance from the profession’s old guard, made the Institute the official representative of CPA’s, and of Carman Blough, who as the first Chief Accountant of the Securities and Exchange Commission and later as Director of Research for the Institute probably did more to improve the quality of financial reporting in the United States than any other individual in accounting’s history.

2. the AIA elite and the Securities Acts

Writing of the American legal profession in the early twentieth century, Louis Galambos describes “a profession virtually controlled by a WASP elite, which used its power and status to ward off threats from liberal reformers and the country’s new immigrants.” (Galambos, 1983,
A similar picture emerges in the accounting profession of the 1920’s. Accounting’s dominant voices were the national firms like Price Waterhouse, headquartered in New York and conducting financial statement audits for the largest American corporations. Until the McKesson-Robbins scandal, this Wall Street elite served as the profession’s national voice.

These men formed the leadership of the American Institute of Accountants, until 1921 the only national organization of public accountants. Many were British chartered accountants sent to the United States to develop an American presence for their firms. (In 1926, one quarter of the AIA’s membership consisted of accountants born outside the United States. See Nissley, 1929, p.37) They tended to favor an apprenticeship system similar to their own training, rather than the more egalitarian college education prevalent in the United States. In many cases, they were also reluctant to associate with men from Southern and Eastern European backgrounds. (Miranti, 1990, p.123) Most importantly, they did not respect the CPA certificate, which they dismissed as a state-regulated license that conferred legitimacy on an inferior class of accountants. In 1919, the AIA had attempted to secure legislation in Congress that would recognize AIA membership as superior to a CPA license. As late as 1926, the AIA refused to limit its future membership to CPA’s. (Springer, 1936a, p.749) This finally led to the creation of a rival national organization, the American Society of Certified Public Accountants, in 1921. This is the most conspicuous example of the AIA’s failure to exercise leadership for the profession: at a time when they could have taken all CPA’s under their wing and embraced responsibility for raising the professional standards of all public accountants in the U.S., the AIA instead chose to distance itself from the rest of the profession.

Many small town CPA’s in the 1920’s may also have found it difficult to relate to the AIA’s official periodical, the Journal of Accountancy, particularly to the style of its editor, A.P.
Richardson. Durand Springer, founder of the ASCPA, reportedly “could not stomach the leisurely ways of the elite who in those days dominated the Institute’s activities…Heading that elite group was A.P. Richardson, a nonaccountant and an import who has often been referred to as the epitome of a perfect English gentlemen.”¹ (Kohler, 1975, p.27) After stepping down as editor in 1936 (to be replaced by John Carey), Richardson returned to the Journal in 1939 with a regular column titled “This Blessed Language” of which the following passage is representative:

“Take…the quotation: ‘Only the brave deserves the fair’;…as the sentence stands it means of course that the brave man and no one else deserves the fair. If we say ‘The only brave deserves the fair,’ we may mean that an Indian warrior is deserving or that there is no more than one brave man. ‘The brave only deserves the fair’ probably means that our hero deserves the fair but is not to have her. Now, moving our wandering adverb another step forward, we say ‘The brave deserves only the fair’ and we imply that the brave man deserves nothing except the fair. Again ‘The brave deserves the only fair.’ Here we find that the choice is limited. If there be other ladies present they do not qualify. And, finally, if we say ‘The brave deserves the fair only,’ I don’t know exactly what it means.”(Richardson, 1940, p.217)

The AIA’s inadequacy as a leadership organization became particularly apparent in the crisis years that followed the stock market crash of 1929. Pressure had been building on the profession since the publication of economics professor William Z. Ripley’s Main Street and Wall Street in 1927, which brought the issue of financial reporting to the attention of a broader

¹ “Perfect English gentleman” was apparently a style Richardson affected. Alphyon Perry Richardson was born and raised in New Jersey, never attended college, and worked as a reporter for the Wall Street Journal. (O’Neill, 1980, p.1)
public. His portrayal of auditors as too-closely tied to their corporate clients and lacking authoritative standards for financial reporting brought unwanted attention to the profession. (Richardson, ed. 1927, p.254; Kohler, 1933b, p.142) But the AIA leadership was reluctant to take action. It was George O. May, senior partner at Price Waterhouse, who saw the handwriting on the wall for reform and led the first effort to improve the quality of financial reporting. As early as 1926, May warned: “There is not in the profession as it now exists a body of men capable of dealing adequately with the problem…at the present time auditors hold office usually at the pleasure of the officers of the company.” (May, 1936, pp.44,6) Ripley’s writings spurred May to take the initiative in reforming financial accounting practices. (May Papers, 57-6, AICPA 1960) May would write: “It is becoming recognized that if the interests of all affected by corporate development - and that includes a large proportion of our people – are to be protected, it is vitally important that some basic principles of accounting should be established and given substantially the force of law.” (May Papers 53-6, 9/11/30) May’s efforts led to the New York Stock Exchange requiring annual financial statement audits for all listed firms in 1932, and to the publication of *Audits of Corporate Accounts* (1934), at the time the most comprehensive effort to establish accounting principles.

By this time, in no small part due to the revelations of the Pecora hearings in Congress, May had lost the initiative and federal legislation became inevitable. (Seligman, 1982, p.2; Flesher and Flesher, 1986, p.421) Inexplicably, though, the profession was caught by surprise by the 1933 Securities Act, passed during President Franklin Roosevelt’s Hundred Days with the goal of restoring confidence in America’s capital markets. “Despite William Z. Ripley, despite Berle and Means, despite the Pecora investigation, despite public demand for reform of the securities markets, the Institute had made no effective preparation to deal with legislation
directed to that end.” (Carey, 1969, p.182) The obloquy even came from the accounting academe. Eric Kohler, editor of the accounting academic community’s journal, *The Accounting Review*, railed against “the inherent snobbishness in many of the Institute’s published reports – a snobbishness and lack of good taste that have their origin in a real ignorance of the things at stake in the accounting profession. There is no indication of any understanding of the problems that lie ahead; no appreciation of the newer opportunities for the profession in the bloodless social revolution in which we have been immersed during the past year.” (Kohler, 1933a, p.164)

After the passage of the 1933 Act the profession quickly realized its importance and both the AIA and ASCPA sent representatives to Washington to help write the detailed regulations to implement the law. (Landis papers, Folder 2-3; Zeff, 2008, p.177; Chatov, 1975, p.56)

Without a unified voice, accountants had been unable to exercise any real influence on the 1933 Act. Colonel Arthur Carter of the New York State Society (NYSSCPA), apparently on his own initiative, did testify at the congressional hearings leading up the 1933 Act, though it is interesting to note that he reportedly did so as a gesture of American accountants’ independence from the British-dominated AIA. (Carey, 1979, p.34) The impact of Carter’s testimony is unclear; contemporary newspaper coverage suggests it was quickly forgotten. (*New York Times*, 4/2/33, p.1; *Wall Street Journal*, 4/3/33, p.8. See also Wiesen, 1978.) One reason may have been Carter’s imperious tone:

Sen. Barkley: You audit the controllers?

Col. Carter: Yes, the public accountant audits the controller’s account.

Sen. Barkley: Who audits you?

Col. Carter: Our conscience.
The pompous spirit of much of the AIA alienated not only the vast majority of American CPA’s (most of whom did not belong to either the AIA or the ASCPA), but also the New Dealers who wrote the Securities Acts. James Landis, the chief author of the Securities Acts and later Chairman of the SEC, summed up the profession this way in 1936: “The impact of almost daily tilts with accountants, some of them called leaders in their profession, often leaves little doubt that their loyalties to management are stronger than their sense of responsibility to the investor.” (Carey, 1979, p.36) Landis had in mind particularly George O. May, who worked closely with Landis in the months after the 1933 Act and had garnered a reputation as the profession’s “philosopher.” (Carey, 1970, p.3) Born in England in 1873, May was extremely well educated despite never having attended college, instead rising up through the ranks of Price Waterhouse in London. (Grady, ed., 1962, pp.9-13) In 1896, he was sent by the British firm to conduct audits in the United States, and was one of the founders of the American profession. James Landis felt such antipathy towards May that a quarter century after the Securities Acts he found space in a twenty-page law journal article to single him out for criticism: “Despite the fact now generally recognized that the registration requirements of the Securities Act have introduced into the accounting profession ethical and professional standards comparable to those of other recognized professions, the then dean of the accounting profession, George O. May of Price, Waterhouse & Co. was strangely opposed to our proposed requirements for independent accountants.” (Landis, 1959, p.35n12) And Landis was not the only one. William Paton, professor of accounting at the University of Michigan and one of the leading accounting theorists of his generation, remembers May as “a very conceited Englishman, and hypersensitive to criticism, even when somewhat justified…his brusque way of disposing of questions he didn’t like, and his rather domineering attitude toward all those daring to ask questions, annoyed both
The 1934 Securities Exchange Act, passed by Congress and signed by President Roosevelt on June 6, 1934, created the Securities and Exchange Commission and granted it power to regulate Wall Street, including the accountants who audited publicly traded companies. It might have been expected that without the trappings of a true profession (one organization representing all practicing accountants, clear independence from their corporate clients, an established lobbying presence in Washington), the SEC would not have trusted the profession to handle such an essential cog in American capital markets as big business’s financial communications to the public. But such was not the case. Despite the SEC’s lack of confidence in accountants, the profession was left to largely govern itself, putting in place a regulatory regime that has since been the object of almost constant criticism from Congress, the media, and historians. (U.S. Congress, 1976. Also Zeff, 2003, pp.195-6, Previs and Merino 1998, pp.271, 318) As an historian of the Securities Acts concluded: “Nothing jarred the SEC’s confidence in the accounting profession’s ability to evolve more uniform terminology and techniques. Commissioners and staff members merely became impatient.” (Parrish, 1970, p.206) By 1939, James Landis had concluded: “As long as you have the [George] May leadership in the accounting situation, I have very little hope of seeing them accomplish much.” (ibid)

3. the Securities Acts’ impact on the profession

The Securities Acts did much to professionalize accounting: they legitimized the profession by granting it an exclusive franchise to conduct financial statement audits, providing auditors with the leverage to resist the demands of their corporate clients. They imposed clear accountability with liability standards for negligence. They spurred the unification of the
profession in 1936 (below). And there was near universal agreement among contemporaries that they improved the quality of financial reporting by encouraging the development of more uniform accounting principles. Finally, the Acts enshrined a regulatory framework that, regardless of its effectiveness, has presided over the most successful capital market in the history of the world.

The actual efficacy of the Securities Acts, however, has proven a more controversial subject. Previts and Merino (1998), Seligman (1982), Chatov (1975), and Parrish (1970), all conclude that the SEC’s decision to allow the accounting profession to develop accounting principles, essentially abdicating its mandate, was a profound mistake: “The Securities Acts should have changed relationships between accountants and management. It did not because the stated goals of the legislation – to curb managerial power, to promulgate uniform reporting rules, and to provide information that was useful to investors for decision making - were not implemented.” (Previts and Merino, 1998, p.271. See also Seligman, 1982, pp. 197-201, Chatov, 1975, p.2, Parrish, 1970, p.205)

Accountants at first seemed to embrace the responsibility thrust upon them by the 1933 Securities Act: “The evident intention of the federal government to prevent the flotation of unsound securities, the prospect of reform in banking practice, the movement to bring in protection of the public in every way – all these involve labor for the accountant and a chance to do a magnificent work for the country.” (Richardson, ed., 1933a, p.327) “The confidence and faith of the government and the public in the work, ethics and reliability of the professional accountant must be maintained by each member of the profession.” (“National Recovery Act”, 1933, p.4) “Accountants can play a great part in this new era which is about to dawn.” (Richardson, ed., 1933b, p.248)
It was the liability provisions of the 1933 Act that the profession cringed at. Accountants’ balking at the fear of lawsuits from investors seems even more reasonable upon looking at the haphazard guidance provided by the Act’s regulators (originally the Federal Trade Commission, and then, in 1934, the newly created Securities and Exchange Commission). The Journal of Accountancy quickly concluded: “The bill is not meticulous. It is general rather.” (Richardson, ed., 1933d, p.407) Another journal wrote: “The first attempts of the Federal Trade Commission to administer the Securities Act resulted in registration statements and prospectuses being so voluminous and essential and non-essential data therein being so intermingled that the purpose of really informing investors was defeated.” (“Use of Information by Investors,” 1935, p.25) The SEC’s public statements in these early years also reveal a commission flying blind. When James Landis spoke before the New York State Society of CPA’s in October of 1933, he faced a barrage of technical questions from accountants on interpreting and complying with the 1933 Act. His response to accountants’ concerns was essentially that they should trust him: “The standard is one of reasonableness. I repeat that over and over again: reasonableness.” SEC Chairman Joseph Kennedy echoed this vague assurance: “Remember the Act is new – the Commission is learning.” (Text of Landis speech, Landis papers, Box 12; Kennedy, 1934, p.723; See also May letter to Landis, 1/17/34, Landis papers Box 8-8)

In private meetings with accountants, the commissioners also seem to have engendered less than total confidence. James Landis’s antipathy for George O. May, noted above, seems to have extended to the entire profession. He wrote to Felix Frankfurter: “I was up the night before and talked to some accountants…a very strange class of people whom I suppose by the very nature of their profession are without any humor.” (Parrish, 1970, p.200). The feeling was apparently mutual. John Carey would remember: “Mr. Landis was not so easy to deal with.
Cordial and conciliatory at first, he became increasingly critical of the accounting profession. He was a thin, tense, somewhat impatient man, almost humorless, and clearly feeling the pressure of his new responsibilities.” (Carey, 1979, p.35) Given the lack of clear guidance and the near hostility of their new overseers, it would be facile to simply dismiss accountants’ response to the 1933 Act as unworthy of the profession. Many applauded stringent liability standards: “If there is no responsibility to third parties for reports prepared, the way is opened for the unscrupulous auditor to ply his trade to the injury of the public and the detriment of the profession. In the absence of regulatory legislation, connivance between dishonest clients and weak-kneed accountants will be easy.” (The Certified Public Accountant, September, 1929, v.9, no.9, p.258. See also Journal of Accountancy, 1932, p.24) Their concerns were vindicated somewhat under the 1934 Securities Exchange Act, which scaled back the liability provisions to state that the defendant may escape liability by proving that he “acted in good faith and had no knowledge that the statement was misleading.” It has also been argued that effective lobbying by Wall Street forced Congress to retreat to less stringent liability standards. (Seligman, 1982, p.72)

The experience of the Securities Acts did spur the consolidation of the AIA and ASCPA in 1936. Hostility between the two groups, based not only on differences in clientele and scale but on class and ethnicity, at times reached puerile levels. From 1927 until 1932, the respective journals of the two organizations, the Journal of Accountancy and The Certified Public Accountant, rarely even mentioned the name of their rival. Robert Montgomery, of the national firm Lybrand, Ross Bros. & Montgomery, noted: “The profession had been greatly handicapped in its contacts with governmental agencies in Washington, due to the inability of the representatives of the two societies to represent the interests of the profession as a whole.” (Montgomery, 1939a, p.38) But even with this in mind, acrimony nearly destroyed the union. As
Montgomery remembered it: “The retiring [AIA] president was bitterly opposed to the merger. For some obscure and wholly unfounded reason, he argued that the AIA would be diluted in quality and reduced in prestige by the proposed merger.” (Montgomery, 1939b, p.72) Members of the ASCPA pointedly noted that it was not a “merger” at all. Even at this late date, the AIA refused the ASCPA’s proposal that the two organizations combine into a new organization to be called “The American Institute of Certified Public Accountants,” and instead the ASCPA was “absorbed” into the AIA. This despite the fact that less than 3% of the Institute’s members by 1936 were non-CPA’s. (Springer, 1936b, pp.632,7) It would take two more decades of fighting before the AIA explicitly became the national organization of CPA’s, and then only in response to the encroachments of unlicensed public accountants. (See Part V below)

Carman Blough’s role in the profession’s leadership began in these years. Having worked his way up through the ranks of state government in Wisconsin, Blough had more in common with the ASCPA than the AIA elite. (Miranti, 1990, p.153) While working at the Wisconsin State Board of Public Affairs, he met George Mathews, a future SEC commissioner, and in 1934 joined the SEC as a financial analyst. By 1935, the SEC decided a need existed for a “final arbitrator in all accounting problems facing the Commission,” and Blough was appointed the first Chief Accountant of the SEC. (Cooper, 1982, pp.xviii, 8) John Carey remembered that “there could not have been a more fortunate appointment…tempermentally he was ideally suited for the new job…He was open minded, willing to listen.” (Cooper, 1982, p.xiv)

But while a more affable presence than James Landis, Blough was a stern advocate for more formalized accounting principles. He told the New York Society of CPAs in 1937: “Almost daily, principles that for years I had thought were definitely accepted among the members of the profession are violated in a registration statement prepared by some accountant
in whom I have high confidence. Indeed, an examination of hundreds of statements filed with our Commission almost leads one to the conclusion that aside from the simple rules of double entry bookkeeping, there are very few principles of accounting upon which the accountants of this country are in agreement.” (Zeff, 1971, p.132) John Carey remembered: “The cumulative effect of this speech was devastating.” (Carey, 1970, p.11) Blough would later add: “Unless the profession took steps to reduce the areas of difference in accounting practices the Commission would.” (Zeff, 1971, p.132) It was Blough’s hope that the profession would accept the challenge: “I have emphasized at numerous times that the policy of the Securities and Exchange Commission was to encourage the accountants to develop uniformity of procedure themselves, in which case we would follow.” (American Institute of Accountants, 1937, p.190) He certainly had his work cut out for him in persuading the Wall Street elite to embrace formalized rules at the expense of professional discretion. As a Lybrand, Ross Bros. partner protested: “There is the idea that standardized accounting is a simple matter, that the only reason it has not advanced further is to be found in the ignorance or dishonesty of accountants and the management of large industries.” (Warren, 1934, p.10) Blough and others at the SEC sedulously pursued improved accounting principles until the McKesson-Robbins scandal undermined the old guard’s claim to leadership of the profession.

4. **how McKesson-Robbins and World War II changed the profession**

The reforms of the New Deal, though initially intended to bring fundamental change to accounting, had little impact on the profession over the course of the 1930’s. The Wall Street elite remained firmly entrenched in the profession’s leadership, much to the consternation of accounting’s new overseers at the SEC. And however superannuated this elite may have become, they clung defiantly to the professional model that had seen them through the decade’s
crises. In his valedictory address to the AIA in 1937, outgoing president Robert Montgomery encouraged his audience to continue whistling past the graveyard: “We have been told so often that we cannot remain still, we must go forward or backward, that we are inclined to believe it. Nevertheless, I ask the profession to stand still. I do not want it to change.” (American Institute of Accountants, 1937, pp.89-90)

The forces driving public accountancy to become the profession the New Dealers envisioned would work slowly over the next two decades. The unification of the profession into one national organization in 1936 was the first step towards broadening the leadership’s outlook to embrace CPAs throughout the United States. But it was the McKesson-Robbins scandal and the demands that World War II placed on accounting that undermined the old-guard leadership of the AIA and paved the way for American public accountancy’s next generation of leaders.

The McKesson-Robbins scandal was uncovered in December, 1938. From 1923 thru 1937, auditors from Price Waterhouse had been accepting fraudulent inventory and accounts receivable records prepared by a convicted felon operating under an assumed name. (NYT, 12/24/38, p.4; 1/13/39, p.38) The revelation that systematic fraud had been perpetrated under the nose of the profession’s premier firm made headlines in newspapers all over the country and led to major changes in audit procedures. It also proved a major blow to the elite generation’s control of the profession, both to its prestige and to its numbers, as the practice of relying on temporary workers came under greater scrutiny and the ranks of full-time CPAs swelled. It occurred just as the AIA was beginning to take steps towards the establishment of accounting principles, short-circuiting the elite’s efforts to placate the SEC. (Previts and Robinson, 1996, p.69) In September of 1938, the AIA’s Committee on Accounting Procedure had recommended that it be given additional responsibilities and personnel, “recognizing the existence of a
widespread demand for greater uniformity.” (Carey, 1970, p.12) The CAP’s work continued after the scandal, issuing 48 Accounting Research Bulletins by 1957. (p.22 below)

The lurid events of the fraud brought the profession unprecedented public scrutiny. Within a month of the revelation of the scandal the Attorney General of New York summoned leaders of the AIA to his office to discuss what reforms were needed, and his office issued a statement that “the Coster-Musica case [has] revealed certain fundamental weaknesses in the preparation of financial statements of large corporations.” (NYT 12/24/38 p.4) The new chairman of the SEC, Jerome Frank, hoped the fallout from McKesson-Robbins would mark “a turning point in accounting standards” and called on accountants to take the lessons of the scandal to heart and begin to accept the responsibilities the New Dealers had laid out for them six years before: “Without in any way indicating what the applicable law and morals may have been in the past, I suggest that the McKesson-Robbins case…raises, for the future, certain questions with respect to corporations whose securities are listed or registered. While the controller serves not only the management but also the stockholders, should not the accountant serve the management and the stockholders and the bondholders and other creditors? And should not the accountant serve not merely the existing stockholders and bondholders, but all future investors?” (NYT 1/9/39 p.45).

The profession showed a new sensitivity to public relations by responding quickly to the crisis. By May of 1939, six months after the scandal broke, new procedures were put in place requiring physical checking of inventory and confirmation of receivables. A new tone could be detected in response to the SEC’s investigation into the scandal: “Such an investigation might not be proper in the case of any other profession, but certified public accountants recognize a dual responsibility which is unique – a responsibility to the client and a responsibility to the
public which may rely upon the accountant’s report. It was no doubt in the belief that the investing public, as represented by the S.E.C., had a right to know all it wanted to know about generally accepted auditing procedure that the accounting profession cooperated fully in providing the desired information.” (Carey, ed., 1941, p.1) Employing a somewhat different strategy in trying to contain the fallout, Price Waterhouse allegedly managed to kill an article in *Fortune* magazine critical of the profession. (Zeff, 1982, p.545)

But not everyone had gotten the message that a new, humbler tone was the order of the day. The haughtiness that so annoyed James Landis was still in evidence in comments like this from T.Coleman Andrews: “It is offensive to members of the profession to suggest that the work of developing its technical and professional standards should be taken from the hands of the profession itself and be assumed by a department of the federal government.” (NYT, 4/23/40, p.35)

The new audit procedures, as well as the SEC’s issuance of Accounting Series Release (ASR) No. 4, requiring for the first time “substantial authoritative support” for an accounting principle, helped to end the rules vs. judgment debate that had marked the profession’s generational fault lines: “The significance of McKesson [Robbins], in combination with ASR 4…was to complete the transformation of an accounting professional’s discretionary roles from individual-laissez-faire driven judgments regarding principles and procedures, to a judgmental process directed by peer professional standards, guided by a committee structure of the AIA.” (Previts and Robinson, 1996, p.76)

Besides making many in the profession more aware of the power of public opinion, McKesson-Robbins offered an opening to the smaller firms that desired a greater say in the profession. At a meeting with members of New York Governor Lehman’s staff, as the *New York*
Times reported: “A number of [speakers] charged that about 90 per cent of all the brokerage and investment firms, as well as the greatest industrial firms listed on the Stock and Curb Exchanges, were audited by six or seven great firms of which Price, Waterhouse, and Co., auditors of the McKesson-Robbins Company, was one. With this was coupled a charge that the officials of these firms dominated the New York State Society of Certified Public Accountants and the American Institute of Accountants which resulted in a too lenient interpretation by the Association of principles which should be applied to all accountancy activity. Speakers declared that where small accounting firms, auditing smaller business houses, made it an almost invariable practice to check on statements of inventories and of accounts receivable before listing them in audit, the larger accounting firms, dealing with the books and records of the larger houses, in general accepted the statements of officers of the companies audited and put them into balance sheets without further checks.” (NYT, 1/7/39, p.11)

The scandal offered those outside the profession’s leadership the opportunity to voice long-simmering resentments of the big firm elite. Clem Collins, who had served as president of the AIA from 1937-39, observed: “Ever since the matter [McKesson-Robbins] came up, which is about three years ago, there have been numerous criticisms. When I was president, I received a great many letters insinuating that there was not full consideration being given, and that because this firm [Price Waterhouse] was a large firm, perhaps they were not subjected to as severe examination and censure as might be accorded to a smaller firm.” (Carey, 1970, p.40)

McKesson-Robbins provided momentum for one more significant reform. For most of the century, the vast majority of corporations had been ending their fiscal years on December 31 to coincide with the end of the year for tax reporting purposes. This created an overwhelming busy season for auditors from January to March. To accommodate this, accounting firms relied
on temporary workers. The profession had been actively encouraging their clients to adopt a “natural business year” (closing books when the client’s annual business cycle ended) for decades, with little success. In their report on the McKesson-Robbins scandal, the SEC concluded: “We deplore, as do accounting firms, the necessity for recruiting large numbers of temporary employees during a very short busy season. This condition and the lack of training in the firm’s methods which it ordinarily entails are inimical to attaining the best results from the auditor’s services.” Beginning in 1935 with the creation of the Natural Business Year Council, the AIA in conjunction with several other business groups began to make headway, eventually ending the profession’s reliance on temporary workers and taking an important step in the professionalization of auditing.

Coming so quickly on the heels of McKesson-Robbins, America’s entry into World War II saw a perhaps chastened profession respond with alacrity to the demands of a wartime economy. As the New York Times told its readers: “Recognizing that accounting has become an indispensable element in war production and in control of the government’s vast expenditures, the executive committee of the American Institute of Accountants yesterday announced adoption of a war activities program to remain in effect for the duration.” (NYT, 11/10/42, p.41) As quickly as January, 1942 practitioner journals were advising their readers of the new issues their clients would be facing, from contingencies in the face of uncertain payment from government funds to questions as to whether “accounting reports may be of value to enemy forces,” and whether subsidiaries of clients now in enemy hands could still be listed as assets on their balance sheets. (Towns, 1942a, p.270)

The war’s effects on American public accountancy would not be felt until the postwar era, but their importance should not be overlooked. The domestic labor shortages
brought large numbers of new entrants into the profession. Most prominently this included women, although in the 1950’s many firms returned to their pre-war hiring practices and women lost many of the gains they had achieved in accounting. (Wootton and Kemmerer, 2000, p.175) In addition, the war greatly expanded the need for tax services. Taxes before the war had affected a maximum of 6% of the population. (Zelizer, 1998, p.84) Increased rates of personal income taxation as well as wartime excess profits taxes added to the complexity and scope of the tax code and gave birth to a swelling of the ranks of tax accountants that would continue in the postwar era as tax rates remained high. (Towns, 1942a, p.374, Perry, 1944, p.139)

The war also saw tremendous advances in the field of management advisory services. The unprecedented scale of war contracts led to innovations in business management and recordkeeping. “There is no doubt but that WPB and OPA have forced many businesses to develop more adequate records.” (“War Has Changed Old Bookkeeping”, 1944, p.273) To implement machine recordkeeping such as punch-card systems, the large accounting firms were often brought in as consultants. (Higgins, 1965, p.188) As one writer summarized: “Prior to the war, the average accounting practice was largely composed of audit work and preparation of tax returns, sweetened on occasion by nonrecurring system engagements or cases dealing with new financing. The scope of services rendered by accountants has been considerably extended in wartime, and it seems probable that the success of the profession in handling these varied assignments may result in a wider field of practice in the future. The problems of business management have been tremendously complicated by the network of wartime controls in the face of expanding volume, and shortage of managerial manpower has led many clients to turn to professional accountants for assistance.” (Perry, 1944, p.139) The dilemma created for the profession by consulting services will be discussed in Section VI.
5. **the postwar profession**

The end of the war found the profession stronger than ever, with a younger, more modern generation at the helm. Accounting’s impressive contributions to the war effort had enhanced the profession’s image: “Many of [our] members occupied high places in the armed forces; others served with distinction in an advisory capacity. Washington came to know the accounting profession better than ever before, and today recognizes the value of services which professional accountants render to the government.” (Carey, 1946, p.1) The lessons of McKesson-Robbins provided momentum to the two campaigns that marked the sharpest break from the 1920’s generation. The drive for improved accounting principles, interrupted by the war, resumed in earnest, and a new respect for the necessity of public relations became central to the profession’s agenda. The combination of new leadership that embraced the demands postwar America placed on them, an expansion of the profession’s numbers that reoriented the national leadership away from the big national firms, and the challenges accounting faced from competing professions led to a new AIA (soon to become the AICPA) that played a pivotal role in molding the profession that exists today.

The AIA’s determination to take all CPA’s under its wing, a process begun with the consolidation in 1936, meant new priorities to meet the needs of its membership: “The influx of veterans and post-World War II CPAs into the profession…[brought] a new and much larger generation, more diverse in practice.” (Previts, 1985, p.84) Firms like Price Waterhouse had traditionally limited their partnership ranks to a select few, but the increase in the scale and scope of accounting work in the 1950s forced them to welcome partners from Southern and Eastern
European backgrounds, as well as many younger CPAs more amenable to the changing times. (Allen and McDermott, 1993, pp. 93, 115)

Perhaps the most important change resulting from the AIA’s expanded membership was a reorientation to the priorities of small firms. The AIA’s focus in the postwar era turned away from the increasingly independent national firms and towards the needs of small practitioners. While the national firms expanded to smaller markets and to the international stage, smaller firms were growing at an even faster rate: “From 1946 to 1966 the number of CPA’s associated with the ten largest firms had jumped from 2,950 to 11,850 - a 401% increase. However, the total number of CPA’s had jumped from 20,778 to 94,284 during the same period – a 453% increase.” (Carey, 1970, p.356) The small accounting firm increasingly faced challenges requiring an authoritative and representative voice, as an ever expanding set of accounting rules as well as increased automation and cost-tracking techniques placed more demands on CPAs.

The efforts to meet the SEC’s demands to develop more uniform accounting principles continued to face resistance from many in the profession. The Committee on Accounting Procedure, created just months before the McKesson Robbins scandal (above), resumed its work after the war, issuing a total of 48 Accounting Research Bulletins by 1957. But there was “growing unease among many leaders in the profession…[as] the CAP had several times decided against developing and publishing a statement of fundamental accounting principles, and instead, composed mostly of practical men, preferred to take up accounting issues as they became pressing.” (Zeff, 2001, pp.142, 147) Most outspoken in favor of developing accounting principles was Arthur Andersen managing partner Leonard Spacek, “a blunt-spoken Midwesterner…[who] did not mix well with the profession’s New York establishment.” (ibid, p.155) Carman Blough remained on the front lines of this battle, becoming Director of Research
for the AIA in 1944. He would continue to prod accountants to adopt more uniform procedures for audits and financial statement preparation, as he had done in the 1930s as Chief Accountant of the SEC. (Carey, 1970, p.156) He did this with speeches and a regular column in the *Journal of Accountancy*, “Current Accounting and Auditing Problems,” where he clarified technical accounting issues and encouraged the use of best practices, geared particularly to the needs of small practitioners.

John Carey had taken over as editor of the *Journal of Accountancy* in 1937, and in 1948 was named Executive Director of the AIA. The contrast with the old Wall Street elite, particularly his predecessor as editor of the *Journal*, A.P. Richardson, could not have been more pronounced. Richardson’s flowery, verbose editorials so incongruous in the pages of a technical practitioner’s journal gave way to a modest, business-like style. Carey encouraged a sense of pride and challenged members to embrace the “social responsibilities of CPAs” and constantly congratulated them on their progress: “Such rapid growth might have resulted in disorganization…on the contrary, professional organization has improved…A vast amount of work remains to be done before the CPA will be universally accepted as the equal of his colleagues in the older professions, [but] for the first time, it seems to us, it may be said that the rough framework at least [now exists]…to complete the structure of the accounting profession.” (Carey, 1954, p.33)

Carey regularly crisscrossed the United States, testifying before state legislatures and speaking before state and local CPA societies. He wrote *Professional Ethics of Public Accounting*, hailed as a “masterpiece,” to placate the SEC’s demands that accountants formalize their rules on auditor independence. (“Tis Not the Whole of Auditing”, 1947, p.3) And more than anyone else, he pressed the need for a greater public profile for the profession: “When
certified public accountants were a small, comparatively obscure group, regarded as technical experts who could help management and credit grantors in their work, nobody else bothered very much about the accounting profession. But now, when auditing, measurement of profit, cost determination, and tax problems are recognized as matters of vital importance, not only to management and credit grantors, but investors, labor unions, consumers, economists, analysts, statisticians, lawyers, government policy makers, and others, the accounting profession suddenly finds itself in a goldfish bowl…we can’t escape the basic truth that public opinion will largely determine the accounting profession’s opportunity for future progress…[in response] the Institute has developed a comprehensive public relations program.” (Carey, 1949, pp.3,5)

For the most part, CPAs supported Carey’s efforts. State societies supplemented his work with their own p.r. campaigns. (“President’s Report – 1947-8”, The Texas Accountant, July, 1948, v21, no.7, p.9; “Public Relations Program for 1951-2,”, The Texas Accountant, October, 1951, v24, no.10, p.6) Future AIA president Marquis Eaton recognized Carey’s service to the profession in effusive terms: “In my opinion it would be impossible for the Institute to do too much in acknowledgement of [Carey’s] contribution to the profession…[He] is eligible for retirement in twelve years. That date is not so far off that we can postpone any longer our preparation for it…I have often heard the question, who are we going to get to take John Carey’s place? We should get that question out of our thinking. We are not going to get anybody to take his place.” (Eaton letter 5/5/50, Group 9, Box 3, F.14; Eaton speech, 10/27/56, G12, B2, F28, University of Florida Papers)

Others joined Carey’s campaign to raise the profession’s profile and promote an image of public service. Most notable were the efforts of Maurice Stans, documented by G. Stevenson Smith. (Smith, 2007, pp. 147-72) Stans was “one of the first well-known practitioners to discuss
broadly the importance of the accounting profession’s social responsibilities.” Stans’ “belief that accounting practices should not support any one group of interested parties” led to his advocacy of more uniform accounting principles, which he hoped could mitigate “labor’s distrust and doubt about financial reporting” and “contribute to industrial peace.” (Smith, 2007, pp.147,154-8) John Carey encouraged his writings, telling him: “I, as Executive Director of the Institute…can’t say that but you certainly can.” (Smith, 2007, p.168)

The Institute’s new focus did not win universal acclaim in the accounting community. George O. May, now in his third decade of retirement, maintained a vigorous and often cantankerous correspondence with Institute officials. “I deeply regret the appointment of an expert in publicity as editor of the Journal [of Accountancy],” May writes to Carman Blough. “It seems to me to be an acceptance of the view that the function of that Journal is to promote the interests of accountants rather than to give accountants professional guidance.” (May papers, 58-10, 1956). To John Inglis of Price Waterhouse he continues: “I think it is high time somebody protested against Carey’s monopolistic rule in the Institute.” (May papers, 58-10, 1956) Nor was May reluctant to share his views face-to-face, as the normally unflappable Carey related to Marquis Eaton: “I enclose excerpts from some notes Mr. May gave me when he took me to lunch to criticizing my article in the May, 1956 Journal. I am omitting some of the notes of a personal nature.” (Group 9, B.10, F.73, 6/29/56, University of Florida Papers)

6. the AICPA turns to lobbying

A desire to burnish the CPA’s image in the public mind was not based solely on an idealistic vision of what a true profession should be. Blough, Carey, Marquis Eaton and others were cornered into action by the encroachments of competing professions. As lawyers, management consultants, and unlicensed public accountants aggressively pursued new venues
for their services, the AIA felt compelled to push back, reluctantly forced to expand the CPA’s
time of competence and to promote itself in the power corridors of Washington.

Andrew Abbott described jurisdictions – interprofessional competition – as “a
fundamental fact of professional life.” It is through competition with other professions that a
profession carves out its professional space. “Control of knowledge and its application means
dominating outsiders who attack that control… the professions make up an interdependent
system. In this system, each profession has its activities under various kinds of
jurisdiction… boundaries are perpetually in dispute.” (Abbott, 1988, p.2) American public
accountancy embraced the trappings of a modern profession – public relations, lobbying,
responsibility for all members of the profession – in response to the efforts of its competitors.

The most pressing jurisdictional challenge from the 1920s through the 1950s came from
unlicensed public accountants. In the postwar era, CPAs were almost universally college
graduates and had passed a now nationally standardized and notoriously rigorous examination
process. (Merino, 2006, p.369) PA’s competed only in local markets, and so posed little threat to
the Big 8 firms. But for small practitioner CPA’s, unlicensed public accountants were
interlopers who threatened their status and thwarted goals of professional unity. The AIA’s
official policy was to encourage public accountants to obtain the educational and statutory
requirements of CPAs, something the PA’s, not surprisingly, resisted as pointless, bureaucratic
hoop-jumping. (Tinsley, 1983, p.29) Although public accountants had their own state and
nationwide organizations, anyone could call themselves a public accountant. CPAs major
concern was that unethical or untrained individuals holding themselves out as public accountants
would damage the reputation of the accounting profession. In the 1920’s state CPA societies
pursued regulatory or “two-class” legislation which would license non-certified PA’s then
practicing and prohibit future registration, thus making PA’s a “dying class.” In another example of the AIA’s aloofness from the needs of small practitioners in this era, the Institute officially opposed such legislation, hindering the state societies’ efforts. (Tinsley, 1962, pp. 34-5)

The national firms did have substantive reasons for their opposition. In several states, regulatory legislation allowed only accountants registered in the state to certify financial statements. This proved a serious inconvenience to the national firms attempting to serve clients with offices scattered around the country. Secondly, several state court decisions had questioned the constitutionality of regulatory legislation, suggesting that it “deprived [public accountants] of the fruits of [their] training.” (G9, b4, f23, 4/18/46, University of Florida archives) Finally, as has been noted, the AIA in the 1920s still had a significant number of British chartered accountants who were not CPAs, and so would be classified with the inferior class of public accountants under regulatory legislation. (Richardson, ed., 1933c, p.248) Most likely, this issue explains why the Securities Acts of 1933 and 1934 allow for audits of publicly traded companies to be conducted by CPA’s or PA’s.

But in the postwar era, with the AIA’s new focus on the concerns of small practitioners, the public accountant movement became one of the Institute’s most pressing issues. In 1945, spurred partly by the influx of returning veterans and because the demand for accounting services far outpaced the number of CPA’s, the National Society of Public Accountants was formed, and began lobbying state legislatures and the IRS to recognize non-certified public accountants as equal in status and qualifications to CPA’s. (Texas Society of CPAs, 1946, p.5) Some public accountants even pressed to abolish the CPA designation altogether. (Tinsley, 1962, p.68) The NSPA apparently made considerable headway in gaining credibility for its members in Congress. In 1957, the Institute learned, the Joint Committee on Internal Revenue Taxation
inquired with the NSPA “soliciting suggestions for improvements in individual tax forms 1040 and 1040A. The Institute was not asked to assist in this study. [The Joint Committee] apparently felt that our members would not be as well informed about individual tax returns as the public accountants. Efforts have already been made to disabuse them of this idea.” (G9, B5,F32, memo, “Activities of the NSPA”, 10/9/57, University of Florida Archives)

It was specifically in response to the challenge from the NSPA that led the Institute, finally, to rid itself of the last vestige of the old Wall Street elite and change its name to the American Institute of Certified Public Accountants. (AICPA, 1957, p.1) This had been a contentious issue in 1936, even threatening to scuttle the consolidation. As John Carey remembered: “In 1936, the question of what the name of the surviving organization should be was naturally charged with emotion and loyalties…the membership defeated the proposal [to adopt the name AICPA]. There was some bitterness among those who favored it.” (G9, b5, f26, 1/20/55, University of Florida Archives) The change was opposed because some members felt that the name American Institute of Accountants had acquired a prestige in business and political circles. But there was another more dubious justification that suggests the arrogance and inflexibility of the old AIA: “The American Institute of Accountants is a more euphonious term than is the American Institute of Certified Public Accountants…the proposed name is longer, will not make as neat looking a letterhead and in general it will be cumbersome.” (Springer, 1936, p.632) Over the course of the next twenty years, remnants of the old guard as well as inertia kept the Institute from changing its name, even though “on numerous occasions, members have suggested that the change of the Institute’s name would be very helpful to them in associating the title Certified Public Accountants with the Institute’s many excellent publications and public relations activities. Some members have shown difficulty in understanding why the
Institute should persist in its present title.” (G9, b5, f26, 1/20/55, University of Florida archives)

But it was only in March, 1954 that the *Journal of Accountancy’s* subheading became:

“Published monthly by the American Institute of Accountants, the national professional society of certified public accountants.” Finally, in 1957, the AIA became the American Institute of Certified Public Accountants. Marquis Eaton considered this one of his crowning achievements as president of the Institute. (G9, B15, 12/26/56, University of Florida Archives)

While initially a small practitioner concern, the PA movement eventually redounded to the national firms as well. In the early days of the income tax in the 1910’s, the legal profession spurned tax work and left the field to accountants. (Carey, 1949, p.3; Chatov, 1975, p.42) As the complexity and ubiquity of taxes grew, however, the ranks of tax lawyers expanded, leading to a long-running battle with the accounting profession. The growth of the PA movement seemed to damage the prestige of CPA’s, as the NSPA began lobbying Congress to allow PA’s to represent their clients before the Treasury Department. (G9, B5, F32, 5/8/57, University of Florida archives) The Institute was deeply alarmed by this development, fearing that lawyers and legislators tended to lump all accountants together. (G9, B5, F26, “Comment on Dean Griswold’s Speech.”, 1957, University of Florida Archives; G9, B4, F23, 12/12/55, University of Florida Archives) These fears came to a head with the *Agran* case in 1954, which briefly threatened to restrict the CPA’s right to represent clients before the Treasury Department. (Carey, 1970, p.240)

It was the Institute’s fears of the inroads made by public accountants and lawyers that persuaded the Institute to take a more active role in lobbying. They began keeping close tabs on the Washington activities of the PA’s: “The National Society of Public Accountants has recently acquired some powerful friends in its drive to extract greater recognition from the Treasury.”
In 1955, the AIA began establishing stronger contacts with key congressmen and cabinet departments with the help of a public relations and lobbying firm to supplement the efforts of Covington & Burling, the law firm that had represented the Institute in Washington since the 1920’s. (G9, b4, F23, 12/5/55, University of Florida Archives)

The Institute also established a Washington office for the first time since the 1930’s. The ASCPA, though not the AIA, had maintained an office in Washington for years, and initially the office was to be maintained as part of the new Institute. But although many thought it important to have a presence in Washington, the office was closed in 1937. The Institute determined that “adequate information and advice regarding legislation and departmental regulations, and introductions, when necessary, to Governmental officials, have always been readily obtained through counsel to the Institute, who are situated in Washington…the volume of activity does not appear to justify the cost of maintaining the office.” (“Closing of Washington Office,”, 1937, p.27; see also Montgomery, 1936, p.329)

The office was reopened by the AICPA in 1959, but only with great reluctance. John Carey cautioned: “The Institute cannot overlook how its actions may affect its public relations. If it behaves like a trade union, quarreling over a monopolistic privilege, it will attract little support and perhaps contempt and ridicule. This is particularly important in view of present relations with the legal profession. If on the other hand it acts like a leader, shows no desire to punish its opponents or to oppress a weaker group of people, it may get the credit for a statesmanlike approach to a problem which is of real interest to the public.” (G9, b4, f23, 12/1/55, University of Florida Archives) Carey would also note in his official history that the
new office “gave the Institute a visibility in the nation’s capital which had not existed before,” although he insists “the charge to the Washington staff was not to lobby.” (Carey, 1970, p.436)

The Institute’s response to the union corruption scandals showcased their new determination to make their presence felt in the nation’s capital. In 1955 a special Senate Subcommittee, known as the McClellan Committee after its chair, John McClellan (D-Arkansas), began hearings investigating corruption in trade unions. These hearings, best remembered today for the exchanges between Senate counsel Robert Kennedy and frequent witness Jimmy Hoffa, exposed intimidation, violence, and corruption in the handling of union funds. The hearings showed that a lack of proper financial controls played a role in the corruption: bookkeeping was erratic or nonexistent, union funds were embezzled by bosses, and fraudulent financial statements were presented to the rank-and-file. (Doron, 2009, p.221)

Among the proposals to clean up the unions was a requirement for annual financial statement audits. The NSPA sent its president, Raymond Jennison, to testify before Congress on the skills that public accountants could offer, and the AICPA felt obliged to send its own representative to advocate an expansion of the audit franchise for the first time since the New Deal. Carman Blough, as Director of Research for the AICPA, testified before Congress in 1957 and again in 1959, articulating the profession’s reticence: “The Institute is not a frequent witness before Congress…It has been the policy of our institute up until last year not to make this type of representation before Congress on the basis that, if we appeared on bills of this kind, it would be taken that we were self-serving in our appearance, that the purpose we had in mind was to get more work for CPAs. For that reason, we were very reluctant, for years, to make any presentations of this type. But about a year ago our executive committee reached the conclusion that this was not a sound policy, that where fiscal matters were involved on which we should
have specialized knowledge, we should make ourselves available for questioning and should make representations, as I have here today, on matters in which we feel we have particular abilities.” (U.S. Congress, 1959, pp.979, 985) While the old Wall Street elite would surely have shunned the idea of involving themselves with trade unions, by 1957 the Institute felt it could not afford to concede any ground to the NSPA. As a result, they offered the CPA’s services to unions that often had poor financial controls, and opened themselves up to huge new liabilities if any fraud were to occur on their watch. Perhaps at no other time in the profession’s history has it made such a generous offer in the name of public service, although its motives were considerably more complex.

By 1962, the AICPA’s attitude towards active lobbying had undergone a virtual transformation. At a hearing on the needs of small business, Robert Witschey, nominee for president of the AICPA, eagerly promoted the CPA as business advisor: “The traditional functions of the certified public accountant have been the independent auditing of financial statements leading to the expression of an opinion as to their fairness, and consultation on tax problems. After World War II, however, it became apparent that one of the most important needs of small-business management was assistance in areas where the training and experience of CPA’s gave them special skills.” Witschey further relates a study that found CPA’s were the most sought-after outside consultants among small business manufacturers. (U.S. Congress, 1962, p.113-4) Gone are Carman Blough’s qualifiers about the AICPA not wanting to appear self-serving.
7. the profession and management advisory services

The growth in the complexity of business, particularly the increasing reliance on electronic data processing technology, helped to fuel the market for consulting services after the war. For the most part, the profession welcomed the opportunity to expand their scope of service, hoping “to improve the prestige of the CPA as an advisor to management, and to increase the reliance of the business community upon the CPA.” (Frisbee, 1957, p.29) In no small part, the AIA’s embrace of this field stemmed from its new focus on the needs of small practitioners. National firms were developing MAS departments independently of the Institute, and the concerns about maintaining independence when performing both audit and non-audit services to a client did not apply to small practitioners, whose clients generally were not publicly traded corporations.

Nonetheless, concerns about the impact of MAS on firms large and small were raised even in these early years. Many feared that the CPA was extending himself into areas beyond his competence, and some echoed the cautionary from George O. May that the “noble obligation” of the independent auditor could be jeopardized “as a result of this expanding service to management.” (“A Talk With George O. May,”1956, p.42; on competence, see “Management Services by CPAs, 1957, p.42) Some also noted more inter-firm competition in the rush to obtain MAS clients. (Alvin Jennings memo, G9,b10, f77, 12/7/56, University of Florida Archives)

But what drove the MAS field for the profession were the demands of the postwar era. Marquis Eaton observed that “many clients ask for consulting help, [and] are disappointed when the CPA cannot or will not provide it.” (G9, b7, f40, University of Florida Archives) This fueled the profession’s greatest fear regarding MAS, that competing professions would take the work if
CPAs did not move quickly to establish themselves: “We must give more attention to improving this type of service lest the day come when we find ourselves doing the hard work of digging out and analyzing complex financial facts only to find management consultants and others providing the advice, representation, and management aids based on those facts.” (Witschey, G9, b3, F16, 1956, University of Florida Archives; see also “Management Services,” 1946, p.5) Finally, CPA’s work in the MAS field touched on the campaign to end reliance on temporary workers, as firms hoped to find more year-round work for staff by securing consulting engagements. (Previts, 1985, p.80)

8. conclusions

Public accountancy in the United States modernized and professionalized in the mid-twentieth century as a result of several forces: government regulation, unwanted publicity from the McKesson-Robbins scandal, the demands of World War II, pressure from competing professions, and not least by the vision of several leaders who pushed and prodded American accountancy to meet the demands these forces placed upon it. It should particularly be noted that there was nothing inevitable about this evolution: had the Wall Street elite been able to retain their grip on the AIA’s leadership, small practitioner CPA’s may have been left without increasing standards of education and professional practice. Without the authority to speak for the entire profession, the AIA may finally have lost the confidence (or at least the tolerance) of Congress and the SEC, leading to a government takeover of accounting standards and perhaps even an army of government auditors of publicly traded companies.

This evolution was not without its consequences for the profession. A new business model was created for American public accountancy in the 1950’s, one that aggressively and effectively wielded power in the nation’s capital. The AICPA “and its generally ferocious
lobbyists” became “accustomed to getting its way in Washington.” (Spinner, 2002, p.E1; Stone, 2002, p.793) In 1973, proposals in Congress to expand auditors’ independence and to create stronger audit committees failed when the AICPA weighed in with assurances that self-regulation remained effective. In the 1990’s, the AICPA promoted a “new accounting paradigm for the New Economy.” (Turner, 2006, pp.383, 392) The profession continued to fight restrictions on accounting firms’ expanding scope of services, particularly MAS work, leading to “anecdotal evidence suggest[ing] that over time auditors have drifted away from a skeptical, adversarial interaction with clients toward a cooperative approach.” (Ball, 2009, p.284) “In 2000, the accounting industry’s potent lobby trained its big guns on Securities & Exchange Commission Chairman Arthur Levitt Jr. – and blew him out of the water.” When they continued this strategy after the Enron and WorldCom scandals, “the hard-line strategy backfired” and the profession was shut out of the negotiations that led to the Sarbanes-Oxley Act of 2002, which “effectively ended” the profession’s self-regulation. (Henry and McNamee, 2003, p.56, Glover et. al, 2009, p.222) As George May had warned, the Institute had become an advocate for its members rather than an arbiter of accounting practice.
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These are recommendation lists which contain Ferocious Dog of Old. You should give them a visit if you're looking for similar novels to read. Alternatively, you can also create your own list. I can not give a definite opinion at the moment because only 3 chapters of the novel have been translated, but I think the story has potential. The ML's father is an alcoholic and beats him. The MC's brother sees this and allows him to stay with them for a few days. PERFORMER "The Roots" INDEX 01 00:00:00 FILE "12 - The Roots - Swept Away.wav" WAVE TRACK 12 AUDIO TITLE "Swept Away" PERFORMER "The Roots" INDEX 01 00:00:00 FILE "13 - The Roots - You Ain't Fly.wav" WAVE TRACK 13 AUDIO TITLE "You Ain't Fly" PERFORMER "The Roots" INDEX 01 00:00:00 FILE "14 - The Roots - Silent Treatment.wav". Â April 2010, 19:37 The Roots / Illadelph Halflife Used drive : PLEXTOR DVDR PX-716A Adapter: 0 ID: 0 Read mode : Secure Utilize accurate stream : Yes Defeat audio cache : Yes Make use of C2 pointers : No Read offset correction : 30 Overread into Lead-In and Lead-Out : No Fill up missing offset samples with silence : Yes Delete leading and trailing silent blocks View credits, reviews, tracks and shop for the 2004 CD release of "Voces Femeninas Vol. 1 (1927/62)" on Discogs. Â You can set your browser to block or alert you about these cookies, but some parts of the site will not then work. These cookies do not store any personally identifiable information. Cookies Details. Targeting Cookies. Targeting Cookies. These cookies may be set through our site by our advertising partners. They may be used by those companies to build a profile of your interests and show you relevant adverts on other sites. The AICPA is the national professional organization for CPAs. AICPA provides resources and information to members and coordinate activities with state CPA societies. SEC empowered by congress to regulate financial reporting of PUBLICLY-held companies. SEC establishes and enforces rules on accounting and auditing (including auditor independence). PCAOB (created by SOX and overseen by SEC) establish rules with respect to auditing and other attestation engagements, quality control of audits, and independence of public auditors. State Board issues CPA license and are frontline for oversight on ethical behavior. Can create state ethics codes (can create separate ones, or incorporate AICPA rules). Must follow state board rules for state they are licensed in.