**CHAMBERS AND THE AICPA’S POSTULATES AND PRINCIPLES CONTROVERSY: A CASE OF VICARIOUS ACTION**

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**Abstract**: This study seeks to provide an account, drawing on previously unexamined archival material, of some of the events surrounding the American Institute of Certified Public Accountants’ (AICPA) postulates and principles controversy in the 1960s. We examine these events from the viewpoint of Raymond J. Chambers, one of the most prolific and polarising figures in accounting academia. The study relies on items of correspondence from the R. J. Chambers Archive and utilises the term ‘vicarious action’ to describe Chambers’ inability to act directly on the AICPA and hence his need to influence the AICPA indirectly, through intermediaries such as Maurice Moonitz. Chambers made three separate vicarious attempts to influence the deliberations on postulates and principles at the AICPA, but all of these attempts proved unsuccessful. The turn of events at the AICPA eventually led to the abandonment of the postulates and principles mode of research as a foundation for future accounting promulgations in the United States.

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**Introduction**

“Accounting is, above all, a human practice, and like all human practices it is based on human interaction” (Carnegie and Napier, 2012, p. 329). Although there have been many studies of accounting theories and their influence on practice, few studies examine the ways in which individuals interact in attempting to persuade others to accept and promulgate theoretical ideas (for a recent exception, see Dean & Clarke, 2010). One of the most significant accounting theorists of the 20th Century was the Australian academic Raymond J. Chambers (1919-1998), who for much of his career was geographically removed from the main centres of development of accounting ideas and practices (Al-Hogail and Previts, 2001). For Chambers to be able to influence debates in accounting, he had to bring his thoughts to the attention of key policy-makers. The documentary trail generated by Chambers’ activities makes it possible to trace accounting theory “in action”, as it is being produced, communicated, and, in some cases, ignored.

This study examines attempts by Chambers to influence the AICPA’s deliberations on accounting postulates and principles in the 1960s (for more about the postulates and principles controversy, see Zeff, 1982a). It is based primarily on unpublished correspondence between Chambers and Maurice Moonitz, who in the 1960s was director of the Accounting Research Division of the AICPA. To document these attempts is important for at least three reasons. First, the events that transpired at the AICPA in the 1960s irrevocably altered the accounting standard setting process in the United States (US). The events led to the abandonment of the postulates and principles mode of research as a foundation for pronouncements on specific accounting issues, while they laid the groundwork for the conceptual framework project of the Financial Accounting Standards Board (FASB) in the 1970-1980s (Zeff, 1999).

What is more, the events at the AICPA in the 1960s took place in one of the most turbulent times in accounting research–what Nelson (1973) refers to as the golden age of *a priori* accounting theorising and Gaffikin (1988; 2003) describes as a collective awakening among accounting academics to serious methodological issues in their discipline. Given this context, it is possible that the rejection of the postulates and principles mode of research for standard setting purposes contributed to a setback in such accounting research (e.g., Chambers, 1966a; Mattessich, 1964; Sterling, 1970) from which it never recovered.

Second, both Chambers and Moonitz are of historical interest. Both were inducted into the Accounting Hall of Fame (in 1991 and 1979 respectively), and their activities and research have received considerable attention in *Accounting Historians Journal* (Al-Hogail & Previts, 2001; Dean & Clarke, 2010; Dean, Wolnizer, & Clarke, 2006) and elsewhere (e.g., Barton, 1982; Bedford, 1982; Lee, 1982). Staubus (2010) describes Moonitz as the ‘vanguard of accounting thought’ and his work as having ‘withstood the test of time’ and having contributed to the transition from the matching-of-costs-and-revenues to the matching-of-assets-and-liabilities approach among standard setters. Likewise, Al-Hogail and Previts (2001) describe Chambers as an eminent scholar, influential theorist, and vital contributor to accounting thought. It is also a fair comment that few accounting academics have been as polarising as Chambers (for some of his debate in the accounting literature, see Chambers, 1957; 1968; Littleton, 1956a; Staubus, 1967) and his views continue to stir debate.[[1]](#footnote-1)

Third, there is an absence of detailed personal accounts of the events surrounding the AICPA postulates and principles controversy. Zeff has edited a book (1982a) of reading material related to this controversy and authored several studies that have covered parts of the controversy in *Accounting Historians Journal* (1999; 2001) and elsewhere (e.g., 1971; 2007). These studies, however, have not focused on the personal debates between those involved but rather the general development of such things as accounting principles (1972), the conceptual framework

(2005), and the objectives of financial reporting (2013).[[2]](#footnote-2) Out of the 63 people identified by Zeff (2007) as directly involved in the postulates and principles controversy and the numerous other people who would have been indirectly involved, Moonitz (1974; 1982a) is hitherto the only accounting academic to offer some detailed personal reflections.

To retell Chambers’ attempts to influence the deliberations on postulates and principles at the AICPA in the 1960s, we draw on almost 200 items of correspondence between Chambers and his contemporaries, most of which are between Chambers and Moonitz. The material is stored at the R. J. Chambers Archive, at the University of Sydney, and it was retrieved during a visit to the archive in 2012.[[3]](#footnote-3) The entire archive contains over 15,000 letters, 2,500 books, and 2,500 articles as well as newspaper cuttings and some 20,000-card entries. The archive was established to preserve Chambers’ work and with the hope that the material contained within would contribute to research into the development of accounting thought, standard setting, and a range of other potential topics (for more information about the archive, see Dean, Wolnizer, & Clarke, 2006, and for potential uses see Potter, 2003).

To structure the narrative, we use a descriptive device, ‘vicarious action’. This device is drawn from actor-network theory (ANT), in particular Harman’s (2009) interpretation of the metaphysics implied in ANT. Harman suggests that ANT addresses the classical philosophical problem of relations. One of the central principles of ANT is that all actors are what they appear to be all the time. The actors and forces that exist are those that enter into relations and can therefore be traced by means of an empirical narrative. There are no hidden social forces–such as discourses, paradigms and institutions–pulling strings in the background. Harman considers that this presents a metaphysical paradox: the ANT principle explains how actors relate, but does not explain why actors come to relate in the first instance. Stated differently, the paradox is that, if all actors are concrete and there is nothing that makes them act outside their relations, there is nothing to explain why actors come to relate to begin with.

The metaphysical implications of relations are not fully understood in the ANT literature, but the term ‘acting at a distance’ has been used to trace and describe how actors form initial relations (e.g., Law, 1986; Robson, 1992; 1994). We prefer Harman’s (2009) alternative term, vicarious action: all actors relate to each other vicariously rather than directly. In particular, Chambers cannot influence the deliberations on postulates and principles at the AICPA directly; he can only influence the process vicariously. Hence it is necessary to document and examine the ways in which Chambers attempted to act on the AICPA vicariously and to evaluate the outcome of these attempts.

The rest of the article is structured as follows. The first section covers the origins of the AICPA postulates and principles controversy. The second section covers Chambers’ three attempts to vicariously influence the process of setting accounting principles in the US, through his correspondence with Moonitz, contributions to the accounting literature, and a visit to the US in 1962. These attempts are described separately, but overlapped in time. A brief conclusion and epilogue are presented in the final section.

**AICPA’s Postulates and Principles**

Accounting academics and practitioners alike had become dissatisfied with the piecemeal approach of the AICPA to accounting standard setting in the late 1950s. The AICPA’s Committee on Accounting Procedures (CAP) had been issuing technical bulletins with specific accounting terminology, principles, and rules for almost 20 years, but these had made little progress in comprehensively dealing with the challenges facing financial reporting practices, such as accounting for changes in general price levels, deferred taxes and pensions. The Special Committee on Research Program (SCORP) was therefore established in 1957 to examine how more comprehensive accounting solutions could be effectively promulgated, issued and enforced (Zeff, 1971; 2001).

The committee’s report recommended that the AICPA establish an Accounting Principles Board (APB) and to enlarge the Accounting Research Division (ARD). The ARD was tasked with researching fundamental accounting problems and with publishing those efforts in monographs for circulation and discussion. The APB was tasked with promulgating accounting principles based on this research and the ensuing monographs. The ‘big eight’ accounting firms pledged almost one million dollars to support the ARD and APB, and the national partner of each firm served on the APB board together with members from the institute. Weldon Powell, a partner at Haskins & Sells, was selected as the chairman of the board and served together with 17 members, which later increased to 20 (for a complete list of members, see Zeff, 2007).

The ARD’s first effort was to research into accounting postulates and principles. The CAP had recommended that the ARD should first publish a monograph on basic accounting postulates and then a second one on accounting principles derived from those postulates. The hope was that the postulates and principles would form a consistent comprehensive accounting theory (CAT), upon which the APB could promulgate and issue specific accounting rules. As long as the postulates were sound, and there had not been any logical errors in applying the postulates, the principles and rules would also be necessarily valid. This had been the same approach adopted by Chambers in “Blueprint for a Theory of Accounting” in 1955 and expanded upon in *Towards a General Theory of Accounting* (hereafter, theory monograph) in 1961.

Maurice Moonitz was appointed as the first director of the ARD, to research and publish these two monographs. The first monograph on accounting postulates, Accounting Research Study One (ARS 1) was published in September 1961. The committee believed accounting postulates to be the few basic assumptions found in the environment in which accounting operates. ARS 1 followed this brief and dedicated three chapters to these basic assumptions. Derived from the discussion in these three chapters, five postulates from the environment, four from current accounting practice and five imperatives based on the central features of accounting were presented at the end of the monograph. The research study was made up of six chapters in total and was similar in length to Chambers’ own attempt at postulates and principles in his theory monograph (1961).

The second monograph on accounting postulates, Accounting Research Study Three (ARS 3), was published in April 1962.[[4]](#footnote-4) Robert Sprouse, a colleague at the University of California Berkeley (UC Berkeley), had joined Moonitz as the main author of this second monograph. The fourteen postulates and imperatives from ARS 1 were reprinted in the first chapter. The following five chapters presented the discussion from which accounting principles were derived, which were then summarised in the seventh chapter, at the end of the monograph. Sprouse and Moonitz (S&M) drew heavily on Canning’s (1929) notion of assets as representations of expected future economic benefits, as opposed to the traditional view of assets as a record of past transactions based on dated entry prices. Moonitz would also draw on Canning in a book he would co-author in the following year (Moonitz & Jordan, 1963). This led S&M to focus on the value-in-exchange of assets and liabilities and suggest a mixed measurement approach. The present value of future cash flows was to be used for contractual claims and obligations. Current exit prices were to be used for uncertain assets and marketable securities. Net realisable values were to be used for marketable inventories (i.e. the current exit prices minus the cost of disposal). Current entry prices were to be used for unmarketable inventories and plant assets. Holding gains and losses due to general and specific price level changes were to be separated from gains and losses from normal operations.

**Vicarious Negotiations**

**Correspondence**

Chambers would first attempt to act vicariously upon the deliberations on postulates and principles at the AICPA through correspondence with Moonitz. The latter had contacted Chambers and others in April 1960 to inform them that he was taking a two-year leave of absence from UC Berkeley and had accepted an appointment, effective July the same year, as director of the ARD, responsible for overseeing the ARS 1 and ARS 3 research projects.[[5]](#footnote-5) The two would have known each other from Chambers’ visit to UC Berkeley in 1959. Moonitz now sought the ‘untrammelled’ views of these correspondents. These could be presented in personal correspondence or with references to published articles and books. To facilitate this, Moonitz was willing to send drafts of the two monographs, when they would become available, and each correspondent was allowed to remain anonymous. The correspondents had been picked based upon their contributions on accounting postulates and principles and in a way as to not overlook attitudes prevalent outside the US.

Chambers congratulated Moonitz on his appointment and informed him that he would be glad to comment on ARS 1 and ARS 3.[[6]](#footnote-6) In fact, Charles Noyes, the editor of the *Journal of Accountancy* (JOA), had notified Chambers about the planned research programme at the AICPA when the two had met in New York City (NYC) in 1959. Noyes had invited Chambers to publish an article on the subject in the JOA at an early date.[[7]](#footnote-7) The theory monograph (1961) had not yet been published, and Chambers felt that his published articles had been no more than piecemeal approaches to postulates and principles. He therefore vowed to comment in correspondence and hoped to offer some comments before the first draft of ARS 1 was ready. The committee’s desire to establish postulates that were few in number already worried him. In Chambers’ view, there were general matters of basic theory and operation of accounting that were quite complex and had to be stated before even the simplest accounting operation could be established.

Chambers received a memorandum with a draft of ARS 1 in December 1960, having therefore missed the chance to provide comments before the first draft. His first reading had been quick, as there had been indications of deadlines and he had wanted to give some general impressions before it was too late.[[8]](#footnote-8) The study proved to be most interesting as a whole, but Chambers believed that there were at least three general problems with it. First, there were numerous references to rational decision-making, but the term ‘rational’ was not defined. This difficulty in establishing what ‘rational’ meant in relation to accounting would lead Chambers to forego the term in his own theory monograph. Second, Canning (1929) and the current academic accounting discussion had influenced Moonitz to focus on income measurements, but Chambers doubted whether these were any more important than the measurement of assets and liabilities. Third, during his visit to UC Berkeley in 1959, Chambers had expressed his opinion that a CAT should specify a single measurement to measure a particular property of assets and liabilities. The postulates, however, seemed to indicate that Moonitz was considering using multiple measurements to measure slightly different properties of assets and liabilities dependent on situational factors.

Moonitz thanked Chambers for his prompt comments and agreed on the need to define rational decision making in the context of accounting.[[9]](#footnote-9) He referenced in agreement one of Chambers’ recent articles (1960) on how to proceed with the research project in general. His views on specific measurement issues, however, would have to wait until ARS 3. As noted earlier, Sprouse had joined to assist for this second part of the project and was much interested in the advantages and disadvantages of particular measurements. Moonitz concluded that he would be glad if Chambers would elaborate further if he had time.

Chambers sent his second batch of comments on ARS 1 in April 1961. He expressed a new fundamental uneasiness with the study.[[10]](#footnote-10) The emphasis on income measurements had led Chambers to suspect that accepted dogma, rather than the accounting environment, had unduly influenced the research project. The SCORP had envisioned a set linkage between postulates and principles, developed at the ARD, and the rules based on them, developed at the APB, which had made the situation worse. A CAT might, indeed, conform to such an arrangement but it also might not. The end goal of establishing accounting rules might also influence the establishment of accounting postulates. These postulates might be unintentionally developed with currently accepted accounting rules in mind. Chambers saw evidence of this in ARS 1. The five postulates from the environment of accounting were unduly broad and too few in number, another influence of the committee’s desire to establish only a few basic assumptions for the principles and rules. Chambers criticised these postulates in turn. He was now working on the theory monograph (1961), which he promised to send Moonitz to demonstrate what he had in mind.

Chambers sent his final comments on ARS 1 in June.[[11]](#footnote-11) He had by then received the second draft of this study. Moonitz had taken issue with Chambers’ concern that too much attention had been given to current accounting practices and dogma, as these issues had to be researched and solved at some point. Chambers reiterated that he was not opposed to coming to grips with current problems, but that several of these problems were of the accounting academics’ and practitioners’ own making. Moonitz had also taken issue with Chambers’ allusion to the research project being a scientific inquiry like any other. Moonitz did not believe that accounting research was mature enough to have reached the stage of scientific inquiry, whereas Chambers disagreed. Chambers argued that the existence of current financial reporting practices does not prevent us from identifying internal and external inconsistencies, flaws and hypotheses inconsistent with empirical observation.

Chambers offered a list of typographical errors and a number of comments on the second draft. He continued to take issue both with measuring the value-in-exchange of assets and liabilities by using several measurements and with rational decision-making. The fact that these measurements had a common denominator, such as current dollar units, did not solve the measurement problem. The measurements should use the same symbol *and* measure the same properties. The different measurements could, at best, approximate the values-in-exchange of assets and liabilities. Moonitz had spelled out rational decision-making in the context of accounting, but Chambers still felt that the characteristics of the decision-makers and their choices needed to be expanded further. He concluded that he hoped his comments would not give the impression that he was unduly trying to influence Moonitz’s thinking as the two had worked on the same area and there was a risk of his having read too much into ARS 1. Some of the things he had mentioned might prove to be more sensible in his own analysis and this, he warned, made him even less competent a critic; however, he was still looking forward to comment on a third draft.

Moonitz sent his third and final draft of ARS 1 to Chambers and the advisory committee for their final review in July. In letters to Chambers, Moonitz assured him that he had paid careful attention to the comments and that he was most grateful for Chambers’ interest in the project. Arrangements were then made for Chambers to spend some time at the AICPA in 1962, and Moonitz suggested that this would be a good opportunity for Chambers to begin work on an independent research project. This project would not be a detailed critique of ARS 1, but rather an expansion of two or three major issues that Chambers felt were not dealt with sufficiently in the monograph due to various constraints, such as the consideration of current financial reporting practices, the imposed requirement to have few postulates and the pre-determined structure of postulates, principles and rules. Chambers’ comments on value-in-exchange had been particularly pertinent. Moonitz assured him that these would be used in ARS 3 and sent him Edwards & Bell’s new book (1961) on this issue.

The review committee approved ARS 1 for publication and it was duly published in September 1961. Chambers had been eagerly waiting for publication, which he saw as an important milestone in the regulation of financial reporting practices, and had wondered whether he should hold off sending his theory monograph until ARS 1 had been distributed. He wanted critical comments from his acquaintances in the US, but his concern was that he might prejudice the reception of ARS 1.[[12]](#footnote-12) Moonitz saw no reason for Chambers to hold back the distribution; he, too, was interested in receiving a copy.[[13]](#footnote-13) Chambers sent duplicate copies by second-class airmail to Moonitz in August. He sent copies to others by surface mail to ensure that they would not arrive before the publication of ARS 1. He acknowledged that the monograph marked the beginning, rather than the end, of his project and that he hoped that Moonitz would be as free with critical comments as he had been.[[14]](#footnote-14)

Moonitz was tremendously impressed with the theory monograph and held the entire project in the highest regard. It was ‘a first-rate piece of work’ that clarified several points that he and Chambers had discussed in correspondence. Moonitz raised a number of minor points, referencing particular paragraphs and sentences, and also a few general points. One such point seemed to fall back on the same arguments made by A. C. Littleton (e.g., 1953; 1956b; 1956a) and George O. May in the accounting literature and in private correspondence with Chambers in the 1950s.[[15]](#footnote-15) Even if one could accept Chambers’ proposition that a CAT had to be created independently of current financial reporting practices, where had previous academics and practitioners gone astray? Why not use current entry or exit values and adjust for changes in general price levels? Chambers’ analysis had led Moonitz to anticipate a villain, some factor that had prevented financial reporting practices from improving, and a broad insistent demand for better accounting, but instead the latter had found no such villain and those few that had raised concerns had been specialist accountants and economists, such as themselves.[[16]](#footnote-16)

Chambers replied and dealt with the minor comments in order. He admitted that Moonitz’s general point did pose a problem that could well seem to be a knockout. Chambers had been aware for some time that his own system was about halfway towards a full deductive CAT. Such a CAT would have to be able to provide an ideal solution *and* explain why such a solution had not been found in the past. Supplemental data, such as cost accounts, budgets and market prices that had sustained conventional accounting practices, despite their flaws, were part of this explanation but he was not yet satisfied. Chambers concluded that he hoped that this interchange would go on for a long time and that he was awaiting with interest the response that ARS 1 would provoke in the accounting literature and elsewhere.[[17]](#footnote-17)

Chambers received an official copy of ARS 1 in October. He was informed that ARS 1 was supposed to be treated as an exposure draft with the aim of eliciting comments and criticisms for the consideration of the APB. The deadline for submitting such comments was December 15th.[[18]](#footnote-18) These comments were separate from those made in private correspondence, and Chambers forwarded a three-page memorandum with his comments to Moonitz. Chambers felt rather ‘diffident’ about making a submission, because he had already been allowed to offer input during the research project and because of his remoteness from the AICPA. To offer too much in terms of comments could make him appear as if he were poking his nose into other people’s business. It was therefore up to Moonitz’s discretion to do as he pleased with the memorandum.[[19]](#footnote-19) Moonitz considered these reservations but passed the memorandum on to the APB board for consideration.[[20]](#footnote-20)

There was a gap between the publication of ARS 1 and the writing of ARS 3, as considerable time had to be spent preparing the second phase of the research project. Chambers received a draft of ARS 3 in February 1962. He was not sure whether Moonitz wanted comments but, after an initial reading, he felt compelled to offer some. The principles presented in ARS 3 were aimed exclusively at businesses and would not suit an all-inclusive general theory. The relationship between the postulates in ARS 1 and the principles in ARS 3 also appeared to be non-existent, other than the reproduction of those postulates in the introduction of the latter paper. The principles should have referenced the postulates and should have been a direct consequence of deriving the implications of the postulates. These issues had been anticipated after reading ARS 1, and Chambers felt that they lay at the heart of the problem of designing a CAT.[[21]](#footnote-21)

Moonitz thanked Chambers for the comments, noting that there would be a new draft in two or three months, with several amendments. The title would be changed to indicate that the monograph was concerned only with business enterprises. There would also be a somewhat more systematic attempt to relate the principles to the postulates, although Moonitz admitted that it lacked the necessary rigour for a truly co-ordinated CAT. He felt that he had been trapped in his own argument, because he had held from the start that the names of the postulates and principles were less important than their order of representation and relationship. But he had still insisted to the APB board, along the lines of Chambers’ recommendations, that the postulates were not basic enough to actually be called postulates and should instead be called principles. The board had then forced him to change their name back to postulates at the last minute. This meant that the problem had cascaded and both the postulates and principles in ARS 1 and ARS 3 were less basic than he had desired. In essence, the principles in ARS 3 had been reduced to little more than accounting rules, similar to those he expected the APB to issue in the future.[[22]](#footnote-22)

ARS 3 was published in April 1962. It was treated as an exposure draft, to elicit comments and critique, similar to ARS 1. Moonitz had manoeuvred significant resources in undertaking the research project that had led to the two monographs. The SCORP had granted the ARD the power to issue official research studies for the AICPA. The APB was then supposed to base their rules, concerning financial reporting practices in the US, on these research studies. The project had been well funded through the AICPA and donations from the big eight accounting firms. The ARD had employed a large research staff, and the AICPA had their own printing press and distribution channels. Practitioners and academics, in turn, were pre-disposed to read ARS 1 and ARS 3 with great care, as it was acknowledged that the monographs could point to the direction of future accounting rules (Zeff, 2001).

Chambers had eagerly awaited the publication of ARS 1 and ARS 3. Despite their flaws, Chambers thought that the studies were a step in the right direction towards a CAT and that the constellation between the ARD and the APB made it possible for them to be enacted in US financial reporting practices. The reaction from academics, practitioners and regulators, however, was overwhelmingly negative. Even before S&M had published ARS 3, some members of the APB advisory committee had raised concerns about the study being too divergent from current accounting practices. In response, Moonitz had advanced a similar argument to the one that Chambers had put forth in several publications since the 1950s (e.g., Chambers, 1955); namely, that accounting research should be kept separate from practice. The ARD staff should be free to explore all possible alternatives and their consequences in the first instance. It would then be up to the APB to decide which of these alternatives and consequences were desirable and practical in the second instance.

The disagreement over the roles of the ARD and the APB came to a head during an advisory committee held April 13th, 1962. The meeting had been called to consider whether ARS 3 should be published at all. Carman G. Blough, the first and former chief accountant at the Securities and Exchange Commission (SEC) and William W. Werntz, the second and also former chief accountant at the SEC, opposed its publication. Paul Grady, a partner at Price Waterhouse, thought that its publication would be premature. Leonard Spacek, the second managing partner at Arthur Andersen & Company, did not agree with the principles, derived from the postulates, in ARS 3, but he did not oppose its publication as long as it would be attributed to S&M. Moonitz had feared the worst and, in a pre-emptive move, sent ARS 3 to the printers before the meeting took place. The AICPA’s by-laws gave him the right to publish the research efforts of the ARD, so he had technically not broken any rules (Moonitz, 1982b).

Moonitz had been forced to agree to two compromises with the APB advisory committee to distribute ARS 3. It had been decided at the April 1962 meeting that a separate statement was to be inserted under the front cover of each monograph. The statement was from the APB and read that ARS 1 and ARS 3 were valuable contributions to accounting research but that the ideas presented within were too divergent from current financial reporting practices to be acceptable at that time. To emphasise the division of labour between the APB, as a policymaking group, and the ARD, as a research study group, the statement was printed on a paper of different colour, weight, and texture from the actual study. This irrevocably altered the relationship between the APB and the ARD. Should future ARD studies prove to be too divergent from current financial reporting practices, the APB could choose not to endorse them (Moonitz, 1982b).

It had been decided at an earlier meeting that each advisory committee member, of which there were 12, should be allowed to have his comments on ARS 1 and ARS 3 printed at the back of the monographs. Spacek had chosen to comment on ARS 1. Nine members chose to comment on ARS 3. Arthur Cannon, a former professor at the University of Washington in Seattle, commented that the adoption of the two studies was likely to improve financial reporting practice. His comment, however, was the only positive one. Spacek proposed the use of a single postulate, fairness, in place of the multiple postulates that had been presented in ARS 1. He had advanced the same argument in his comment on ARS 1. Blough, Herbert Miller, a professor at Michigan State University, and another member commented that the studies would not improve financial reporting practices. Another member joined Blough and Werntz and commented that the monographs should not have been published at all. A third member joined Grady and commented that the monographs had been published prematurely.

Considering these events, Chambers’ first attempt to act vicariously through correspondence, upon the deliberations on postulates and principles at the AICPA, appear to have been largely unfruitful. Moonitz had initiated communication, upon accepting the position as director of the ARD in April 1960, asking for Chambers’ untrammelled views. Chambers had in return offered three batches of comments on ARS 1 and his own theory monograph in private correspondence. Moonitz praised Chambers’ observations on ARS 1, but there is little evidence that Chambers’ monograph or comments were passed on for consideration by the ARD or APB staff. Chambers reached further with his submission during ARS 1 official comment period. Moonitz passed this submission on to the APB, although there is no evidence that they changed the board’s deliberation on the matter. Chambers nonetheless continued his attempts and submitted one last batch of comments to Moonitz. This last attempt appears to have had some effect on ARS 3. Chambers had argued for a broad accounting theory that could account for all types of entities. Moonitz did not adopt Chambers’ position on the matter in ARS 3, but he did acknowledge that the monograph was limited to a general theory of business enterprises and therefore changed the title accordingly.

**Literature**

Chambers’ second attempt to act vicariously upon the deliberations on postulates and principles at the AICPA was through the accounting literature. Chambers published and distributed two manuscripts (1963b; 1963a) on his own, on the subject, after ARS 1 and ARS 3 had been published. The first manuscript had been written for the annual Australian Society of Accountants (ASA) lecture of 1962. Chambers had been selected for a third time as the speaker, with the lecture to be held at the University of Tasmania, Hobart, in April. Arrangements were made for accommodation, flights and for someone to pick up Chambers on his arrival at Hobart International Airport.[[23]](#footnote-23) Because of the complex nature of the lecture, Chambers arranged to have copies of his manuscript distributed to the audience for them to refer to during and after the lecture.[[24]](#footnote-24) Chambers made similar arrangements when he presented the manuscript at the University of Malaya, in Singapore, and at the University of British Columbia in Vancouver, Canada, in July and November respectively.[[25]](#footnote-25)

The ASA did not print Chambers’ third annual lecture, perhaps because of its controversial nature.[[26]](#footnote-26) The University of British Columbia printed the manuscript instead, after Chambers’ presentation there in November. Chambers then distributed the manuscript to his network of colleagues in Australia and abroad. Chambers’ distribution list included nine members of the APB advisory committee: Blough, Werntz, Grady, Spacek, Cannon, Miller and three practitioners from the big eight accounting firms. There were over 69 recipients in 28 universities in the US as well as 17 academics in 12 universities in the UK, NZ and Australia. There were 14 institutions, organisations, firms and companies in the US and the UK on the list as well as the editors of six accounting journals. There were also additional recipients in Canada, South Africa, the Netherlands, Finland, France, Japan Australia, Denmark, Germany, Switzerland, Italy, Argentina, Malaysia and Thailand.[[27]](#footnote-27)

Chambers (1963b) set out to do two things in the first manuscript. The first was to present a list of academics, practitioners and institutions that held views on CATs that differed from his. He then posed six paradoxes from current financial reporting practices: when is a service function not a service; when is information not information; when is a going concern not a going concern; when is a going concern value not a going concern value; when is a value not a value; and when is a principle not a principle? Citing the postulates and principles introduced in the theory monograph, Chambers then demonstrated how he could resolve these paradoxes, whereas his opponents could either not resolve them or, worse, were complicit in creating them. The overarching goal was to demonstrate how the views of his opponents were untenable and incompatible with the environment in which accounting operates.

The second thing that he set out to do was to defend the postulates and principles from the theory monograph and to indirectly critique ARS 1 and ARS 3. It was a clarification of Chambers’ position on CATs vis-à-vis the ARD, APB, and pundits in the accounting literature such as Littleton and May. Chambers argued that critics among accounting academics and practitioners did not understand the postulate mode of research and therefore had discarded it prematurely. The understanding was low even among proponents and those who engaged in postulate research. For example, following the instructions of the SCORP, there were only 14 postulates in ARS 1. This had led to a loose coupling between those and the principles in ARS 3, leaving open the possibility of deriving contradictory principles from the same postulates. Chambers, on the other hand, had known better and, to avoid this situation, had presented forty postulates in his theory monograph. The high number of postulates had then ensured that only a set of twenty principles could follow deductively.

Chambers’ (1963a) second manuscript had been written for the JOA, but would not be published until later, in the inaugural issue of the *Journal of Accounting Research*.[[28]](#footnote-28) This delayed the publication from August 1962 to November 1963 and likely hurt Chambers, who wanted to strike while the iron was hot. Chambers still distributed the manuscript to his colleagues and presented it at a professional workshop at the University of Chicago in 1962. He would later present the published article in a faculty seminar at the University of Alabama, Tuscaloosa, in 1966.

Chambers set out to accomplish two further things in the second manuscript. The first was to reiterate his defence of the postulate mode of research more broadly. Whereas the practitioner is limited to current financial reporting practice and orthodoxy, the researcher is free to explore all possible alternatives and to evaluate their consequences. To question the long-held beliefs of practitioners and academics alike can lead to new and important discoveries in other fields. Postulates also underpin the actions of all practitioners, academics and reasonable men, regardless of whether they are known to them. The opposition to postulates therefore comes from misunderstanding more than anything else. Postulates are not *just* theory but the hard core upon which all actions rest, and improving them is the most effective and simplest method to improve financial reporting practices.

The second thing he set out to do was to elaborate two possible alternative methods to derive new accounting postulates. This probably came from Chambers’ own reasoning when writing the theory monograph in 1961 and his correspondence with Moonitz. The first method would involve making two or more measurements found in financial reporting practices and evaluating whether they would lead to two or more contradictory or nonsensical postulates. A mixed measurement system was used as an example. Ernest Weinwurm appears to have influenced Chambers’ thinking on measurements here (see Dean & Clarke, 2010). The second method would involve picking relevant postulates from the environment in which accounting operates and proceeding deductively from there to work out the implications of those postulates. The resulting conclusions or theorem would be valid as long as the postulates could be accepted as true and there was no error in logic. The postulates, in turn, would be evaluated based on whether the principles and rules derived from them led to desirable outcomes in financial reporting practices. This latter method had been the one adopted in the theory monograph, ARS 1 and ARS 3.

Chambers’ two manuscripts appear to have been well received in the literature, which was otherwise not too keen on postulates and principles. However, Harvard University’s Robert Anthony took issue with the second manuscript. Chambers had met Anthony in Boston in 1959, during his trip to the US. Gene Brown, a faculty member and editorial committee member at the JOA, had seen Chambers’ submission to the journal. He thought the article excellent but, as the journal had a backlog of articles, he feared that it might not be published for several months. He contacted Chambers and Noyes and, having received their permission, he distributed the unpublished manuscript to interested parties at the university in September 1962.[[29]](#footnote-29) Anthony and Sprouse, who had arrived from UC Berkeley, had been among those who had received a copy.

Anthony thought that the postulate mode of research was important but that Chambers’ analysis was lacking in several places. Chambers had argued that a mixed measurement system could not yield an informative total. The addition of such things as cash, held at current prices, and land bought twenty years ago, held at dated entry prices, created a total that had no real meaning. Anthony, on the other hand, believed that a common denominator, such as dollar values, was sufficient to allow the addition of different assets. Falling back on the same arguments that Littleton, May and Moonitz had presented, Anthony argued that differently dated entry prices would therefore be valid and that their historical use in financial reporting practices was evidence of their usefulness. Anthony’s solution was essentially pragmatic. He wanted to find a balance between current and dated prices.[[30]](#footnote-30)

Chambers maintained his position, stating that a mixed measurement system could not give informative totals and that dated entry prices could not, under any circumstances, inform future decision-making. To demonstrate his position on the usefulness of evaluating present financial reporting practices based on past experience, Chambers cited three examples drawn from mathematics, economics and medicine. All three examples reinforced his proposition that past practices proved nothing except that they were used by people in a specific time and place. Obstetricians, one example ran, did not wash their hands when they delivered babies in the 1800s; as a result, when giving birth, women contracted bacterial infections which caused childbirth fever that often-proved fatal, killing countless new mothers. Could these mothers-to-be not have demanded that obstetricians follow the advice of Ignaz Semmelweis, a Hungarian physician who insisted that the washing of hands lowered the risk of these bacterial infections? Chambers argued that it appeared that they could not; because they were trapped in the hands of medical “experts”, just like financial reporting was then trapped in the hands of accounting “experts”.[[31]](#footnote-31)

There were several contributors to the debate, other than Chambers, in the accounting literature. On the whole, the reception of ARS 1 and ARS 3 had been negative, but was still more optimistic than the comments made by the committee members. Seven academic and several professional articles had been published on the subject (for most of the articles in the professional literature, see Zeff, 1982a). Briloff (1964) published the only positive academic article, in *The Accounting Review (*TAR). Briloff thought that the economic environment in which accounting operates had developed rapidly, causing problems for both practitioners and academics, such as how to account for changes in general price levels, deferred taxes and pensions. The research efforts at the AICPA were a necessary revolution to bring about a CAT that could meet these new challenges. ARS 1 and ARS 3 were a good start, but Briloff remained concerned that the profession was still too close to the research and standard setting process. This concern was not unfounded, considering the heated opposition the advisory committee had put up towards the publication and distribution of the two monographs.

Three reviewers (Gordon, 1964; Metcalf, 1964; Philips, 1963) appreciated the fact that research into postulates and principles could be useful, but raised various concerns regarding the logical reasoning presented in ARS 1 and ARS 3. These echoed some of Chambers’ main concerns. The principles were not derived tightly enough from the postulates, so that differing interpretations could lead to several different and contradictory principles. The reviewers suggested that criteria of various kinds should be established to guide the choice between these alternative accounting principles. A fourth reviewer preferred Spacek’s single postulate of fairness (Givens, 1966).

Littleton also commented on ARS 1 and ARS 3. His review (1962) of ARS 1 had been surprisingly optimistic. He compared the monograph to a grapefruit with many seeds from which many trees would grow, but he still made observations similar to those he had in his exchange with Chambers in the 1950s (Littleton, 1956a; e.g., see 1956b). Because accountants should exercise professional judgment when preparing financial statements, some of the postulates, the imperatives, should be viewed as advice rather than rules. He was also concerned about the language and the focus on the values-in-exchange of assets and liabilities. He suspected that this might lead, in ARS 3, to principles for measurement alternative to dated entry prices and to the adjustment of accounts for changes in general price levels.

Littleton’s review (1963) of ARS 3 reflected his disappointment with the outcome that he had suspected all along would result. S&M had indeed introduced principles that would lead to several measurements based on current and future prices as well as an adjustment to account for changes in general price levels. Littleton spent much of his review criticising and elaborating further on the need for professional judgment and best practices in the preparation of accounts. He also believed that it was a stretch to insist that accountants measured at all. Transactions and prices came to accountants ready-made and did not require measurements. If this was not so, even the simplest form of bookkeeping would become an exercise in measurement.

Considering these events, Chambers’ second attempt to act vicariously through the accounting literature seems to have faired worse than his attempts through private correspondence. Chambers’ first monograph had been presented at the 1962 annual ASA lecture, hosted at the University of Tasmania, printed by the University of British Columbia, and personally distributed to members of the APB board. Chambers’ second monograph had been presented at the University of Chicago and then been published in the inaugural issue of JAR. One of the principle goals of the two monographs were to defend the postulates and principles mode of research, as the basis for future financial reporting standard setting, which had come under criticism after the publication of ARS 1 and ARS 3. Whereas both monographs were well received in the academic accounting literature, it does not appear that Chambers was able to sway the overall opinion of the members of the APB. What is worse, the second monograph was never sent to the board members directly and there is no evidence that it was ever brought to their attention.

**Visit to the US**

Chambers’ third attempt to act vicariously upon the deliberations on postulates and principles at the AICPA was his visit to the US in 1962. Qantas prepared an itinerary for this visit, which Chambers stored among the letters in his archive. It reveals that Chambers spent July 1962 travelling from Australia to Europe before heading for the US. Before arriving in NYC in early August, he made stops in Singapore, Bangkok, New Delhi, Beirut, Athens, Vienna, Zurich, Frankfurt, Copenhagen, Amsterdam, Eindhoven, Paris and London. Chambers then left for Chicago towards the end of September and returned to Australia in December via San Francisco, Honolulu, Tokyo, Hong Kong and Manila.[[32]](#footnote-32)

Chambers spent the first part of this trip, in August and September, with the ARD at the AICPA headquarters in NYC. Chambers had offered his services in correspondence with Moonitz about ARS 1 and ARS 3.[[33]](#footnote-33) Moonitz welcomed a visit from Chambers and offered him a small stipend to cover his expenses while in NYC.[[34]](#footnote-34) It was the same amount he had offered Samuel R. Hepworth, who had joined the AICPA from the University of Michigan to work on two of their research projects. Chambers gladly agreed and spent his time at the AICPA discussing CATs with the research staff, pursuing the research project he had discussed with Moonitz and commenting on two of the division’s current research projects. One was about the cash-flow statement (Mason, 1961) and the other about accounting for business combinations (Wyatt, 1963).[[35]](#footnote-35) Chambers also attended the International Congress of Accountants, which the AICPA had hosted in September (for more information about Chambers' visit to the AICPA, see Moonitz, 1982a).

Chambers spent the second part of his trip, from October to November, working as a visiting professor at the University of Chicago. He taught two courses, “Asset Accounting” and “Modern Accounting Thought”, and held seminars on accounting theory. Sidney Davidson, at the University of Chicago, had approached Chambers in September 1961 about a visit.[[36]](#footnote-36) Davidson, who had earned his undergraduate and graduate degrees at the University of Michigan, was familiar with Chambers’ research (Wells, 2000). Davidson offered him a visiting professor’s position and stipend.[[37]](#footnote-37) Chambers accepted his offer, preferring it over similar offers from Robert Dixon, at the University of Michigan, and from the Dean of the business school at Columbia University.[[38]](#footnote-38) Arrangements were then made for a visa, employment and accommodation as well as seminar, research and teaching materials.[[39]](#footnote-39)

Chambers presented his ideas on CATs in general, and the postulates and principles in particular, at eight different venues during the second part of his trip to the US. The first presentation was made at the AAA northeast regional meeting hosted at Harvard University.[[40]](#footnote-40) Chambers met both Anthony and Noyes there.[[41]](#footnote-41) His second presentation was an address to students and staff at the University of Illinois, where Chambers presented his 1961 theory monograph.[[42]](#footnote-42) This was Littleton’s old institution and, during his visit, Chambers clashed with Norton Bedford, one of Littleton’s disciples there.[[43]](#footnote-43) The third presentation was made during a conference for accounting teachers at De Paul University. Weinwurm had invited Chambers and the two met after the presentation.[[44]](#footnote-44) The fourth conference was held at the University of Chicago, where Chambers presented his second manuscript (1963a) on postulates. The fifth, sixth, seventh and eight presentations were made at Tulane University, Northwestern University, the University of Washington (St. Louis) and the University of British Columbia.[[45]](#footnote-45) Stephen Zeff would have been at Tulane University at the time.

Chambers attended one meeting, which had been arranged to discuss ARS 1 and ARS 3. During the time of his correspondence with Moonitz in 1961, Chambers had expressed to Weinwurm his dissatisfaction with ARS 1 and ARS 3. His complaints had been similar to those he had raised in his correspondence with Moonitz: the postulates in ARS 1 being too few in number and not basic enough to be postulates and the principles in ARS 3 not being linked tightly enough to the postulates.[[46]](#footnote-46) Chambers had solved this by cross-referencing the postulates and principles in his theory monograph, but there was no such thing in ARS 1 and ARS 3. There was additional evidence of current financial reporting dogma seeping into the reasoning as the comments at the end of ARS 3 had also given Chambers the impression that the old guard was firmly entrenched and that he might be ‘kicking up dust in vain’.[[47]](#footnote-47)

Weinwurm had shared Chambers’ disappointment with ARS 1 and ARS 3 and wanted to vent their concerns at a public venue. As a member of The Institute of Management Sciences (TIMS) executive council, he had made arrangements to hold a chapter meeting to discuss their concerns at the University of Michigan in September 1962 (for more information about TIMS, see Dean & Clarke, 2010). Chambers would then be in the US and thus able to attend, but had at first held some reservations about doing so. He felt that it could have been seen as a political move and also discourteous, given his scheduled visit to the AICPA during the same trip.[[48]](#footnote-48) Weinwurm felt otherwise and, during a shared research session with Moonitz, had brought the proposal of a meeting to him. Moonitz shared their unhappiness with ARS 1 and ARS 3, but had been forced into compromises to get them passed by the APB advisory board. He therefore welcomed the idea of a meeting and was glad for Chambers to participate.[[49]](#footnote-49)

The meeting was held on September 11th. Chambers had submitted his comments on ARS 1 and ARS 3 and Weinwurm had compiled them, together with those from seven other participants, into a conference booklet, which had been sent to Moonitz, who was now in attendance, before the conference.[[50]](#footnote-50) Chambers wanted to facilitate a discussion but, for political reasons, had expressed some reservations about setting down his comments formally in writing. These reservations may have been shared with others, as Weinwurm had arranged to keep all comments anonymous.[[51]](#footnote-51)

Anonymity, however, turned out to be little more than a token gesture. Moonitz knew that Chambers and Weinwurm were commenting and had also learnt the identities of four other commentators before the start of the conference: David Solomons, William Vatter, Andrew Stedry and Harvey Davidson. Solomons had begun his academic career at the London School of Economics and had then moved to the US in 1959, with an appointment as a professor at the Wharton School. Vatter was a professor at UC Berkeley. Stedry and Davidson were graduates from Carnegie Mellon University. Stedry was an academic, whereas Davidson was an educator and administrator and, in 1968, would be appointed Dean of the Johnson Graduate School of Management at Cornell University (Schmotter, 1992).

Zeff (1982a) has since then identified Robert Jaedicke and Willis Leonhardi as the remaining two commentators. Jaedicke was a professor at Stanford University and Leonhardi was a practitioner with Arthur Andersen & Company. Moonitz, Eric L. Kohler, Myron Gordon and another colleague from practice sat on the discussion panel. Kohler was a former employee at Arthur Andersen & Company and active in both accounting practice and academia. Gordon was an economist at the Massachusetts Institute of Technology and was involved in the administration of TIMS. In 1959, he had developed a model for valuing a stock or a business which would later be known as the Gordon growth model or the dividend discount model.

David Hertz, a partner at Arthur Andersen & Company and the convenor, began the conference with an opening statement. The purpose of the meeting was to bring in viewpoints on accounting measurements from outside the established accounting profession and its institutions. The attendees, he stated, believed that the way forward was to criticise and then modify ARS 1 and ARS 3 so they could become generally accepted in the future. Comments by three of the panellists followed the opening statement. Gordon (1964) brought up much the same concerns he would later publish in TAR: that postulates could lead to one or more contradictory principles and that what was needed was a criterion for choosing between these. Kohler and another colleague raised the same concerns about measurements as Littleton had in his first review article (1962) and would later raise again in his second (1963); namely, that accounting was about transactions and not measurements, so the attempt to measure the value-in-exchange of assets was misdirected. Matters such as the values-in-exchange and future use of assets was the concern of managers and not of accountants (Zeff, 1982b).

The commentators were, on the whole, cautious and negative, and most took issue with the definition of postulates in ARS 1. The two non-academics, Davidson and Leonhardi, offered the most negative comments. Leonhardi shared the opinion of most of the APB advisory committee members and thought that the postulates presented could not be of use in current financial reporting practices. Stedry thought that the postulates should have been drawn from a wider range of fields outside the environment in which accounting operates. Weinwurm and Solomons proposed their own postulates. Vatter offered his own understanding of postulates and their role in CATs. Jaedicke took issue with the mixed measurement system presented in ARS 3. His concern was the same as Chambers’: different measurements cannot yield an informative total. Chambers also reiterated his concerns about the number of postulates presented in ARS 1, and the loose relationship between them and the principles laid out in ARS 3 (Zeff, 1982b).

Moonitz was the fourth panellist and was tasked with responding to the other three and to the commentators. He shrugged off the complaints about his particular treatment of postulates. His definition of postulates was accepted in the field of geometry and the discussion should be about what he had done rather than about what he could have accomplished with a different treatment and definition. He felt that Leonhardi’s, Davidson’s and Stedry’s comments were so beside the point that they must have either misread him or he must have miswritten. On the other hand, he felt that Weinwurm’s, Solomons’ and Vatter’s comments and their own CATs were interesting but he was only prepared to address the ideas presented in ARS 1 and ARS 3 and had little to offer them. Moonitz was more favourable towards Jaedicke’s and Chambers’ comments. He judged Chambers’ comments fair, having also been presented to him in correspondence during the research project; he wished that Jeadicke’s comments had also been forwarded at an earlier stage (Zeff, 1982b).

Considering these events, it appears that Chambers’ third attempt to act vicariously through a visit to the US in June 1962 was just as unsuccessful as his prior attempts through correspondence and the literature. Chambers’ visit had removed the need to communicate his ideas through correspondence and the accounting literature. As such, Chambers might well have influenced the ARD staff during his visit to the AICPA and through his presentations on postulates and principles at eight different academic venues. The regional TIMS meeting, held to discuss how to improve ARS 1 and ARS 3, also contained the ingredients for a potential success. Influential practitioners, academics, and Moonitz were all in attendance. Nonetheless, these activities were not enough to reverse the skepticism about the postulates and principles mode of research as it appears that the APB were, at this point in time, no longer interested in the research studies, this particular mode of research, or the activities of the ARD.

**Conclusion**

Several previous studies have considered aspects of the AICPA postulates and principles controversy in the 1960s, but these studies have tended to focus on the general development of such things as accounting principles, the conceptual framework, and the objectives of financial reporting. This study, on the other hand, has sought to provide a detailed account of the AICPA postulates and principles controversy from the personal viewpoint of one of the participants, R. J. Chambers. To retell such a narrative, the study has relied on items of correspondence from the R. J. Chambers Archive and the term ‘vicarious action’ as a descriptive device.

Chambers attempted to vicariously affect the deliberations on postulates and principles at the AICPA in three ways: correspondence with Moonitz, communication of ideas through conferences and lectures as well as in print, and physical presence through a visit to the US. Notwithstanding these efforts, Chambers was not able to any significant extent to vicariously influence the writing of ARS 1 and ARS 3 or the decision by the AICPA to abandon the postulates and principles mode of research.

The term ‘vicarious action’ is used in this paper to describe Chambers’ efforts to influence the thinking on postulates and principles at the AICPA. The term bears some resemblance to Miller’s (1991) and Robson’s (1992) adoption of Latour’s (1987) ‘action at a distance’, but now with one important difference: the emphasis is not on the idea that various objects can be made to act over great distances, but rather that they cannot interact directly at all. In the context of accounting academia and financial reporting practices, this meant that Chambers could not directly confront regulators. He could only do so vicariously, through published books and articles, submissions to ad-hoc committees, presentations to practitioners and informal channels. Methodologically, this means that it is as important to attend to the medium as much as to the message (McLuhan & Fiore, 2005), and an aim of the present paper is to extend the area of legitimate inquiry from ideas to the media in which they are presented, such as the letters, books and articles that appear in this narrative.

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In late 1973, Chambers would prepare a final critique of ARS 1 and ARS 3 for a conference presentation in Australia the following year (1964). The critique was an accumulation of comments he made in correspondence, two manuscripts, and during his visit to the US in 1962. The final manuscript was presented and forwarded to Moonitz, Stamp, and other colleagues in January 1974.[[52]](#footnote-52) Moonitz wrote and submitted a reply in June, to which Chambers wrote a rejoinder.[[53]](#footnote-53) Moonitz concluded that Chambers appeared to be on firm ground and probably more right about the way forward in designing a CAT than he was willing to concede at the moment.[[54]](#footnote-54) This exchange, however, had run its course. Chambers agreed and was happy to abandon the cross-talk.[[55]](#footnote-55) He was also pleased to have been able to put down all of his observations in one place.

While Chambers and Moonitz engaged in their last exchange on ARS 1 and ARS 3, changes were already underway at the APB and at the ARD. The postulates and principles approach for the establishment of a CAT had lost support. Grady – an ARD advisory committee member who had thought that the publication of ARS 3 had been premature – had succeeded Moonitz as director of the ARD. Grady was an accounting practitioner and the publications issued during his reign were increasingly conservative. ARS 7 (Grady, 1965), for instance, was little more than a list of rules and methods found in current financial reporting practices. Chambers (1966b) wrote a scathing review of ARS 7 and expressed his concern about these developments in communications with Louis Goldberg, Dixon and Weinwurm.[[56]](#footnote-56)

The AICPA commissioned two study groups in 1971. Francis Wheat, a corporate securities lawyer, chaired one of them and Robert Trueblood, a big eight partner, chaired the other (Bryson, 1976; Editor, 2000). The reports from these study groups would reflect the change in direction and thinking about the way forward in establishing a CAT and promulgate accounting regulation. The Wheat Study Group (1972) was tasked with deciding on the way forward for setting accounting principles. The Trueblood Study Group (1973) was tasked with determining the objectives of financial reporting. The recommendations from Wheat led to the abolition of the APB and the transfer of standard setting powers from the AICPA to the newly established FASB. The recommendations from Trueblood led to the decision-usefulness approach to standard setting that is still in use today

(e.g., see Zeff, 2005).

**DIAGRAM: VICARIOUS ACTION THROUGH THE ARD AND APB**



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1. One such recent example is the Chambers’ Forum in the March 2005 issue of *Accounting Education*. [↑](#footnote-ref-1)
2. Stated differently, one could argue that the article aims to provide a counter-narrative to the hegemonic explanation for the events that transpired at the AICPA in the 1960s. For more about this, see Funnell (1998). [↑](#footnote-ref-2)
3. An index of all material stored in the archive, as well as some of the material, can be accessed online at http://sydney.edu.au/business/chambers/archive [↑](#footnote-ref-3)
4. The Accounting Research Study Two (Mason, 1961) focused on the cash flow statement and had been published in 1961. [↑](#footnote-ref-4)
5. DOI:10.USA P202/1/07687 [↑](#footnote-ref-5)
6. DOI:10.USA P202/1/07688 [↑](#footnote-ref-6)
7. This was eventually to be published as Chambers (1963a). [↑](#footnote-ref-7)
8. DOI:10.USA P202/1/07689 [↑](#footnote-ref-8)
9. DOI:10.USA P202/1/07690 [↑](#footnote-ref-9)
10. DOI:10.USA P202/1/07692 [↑](#footnote-ref-10)
11. DOI:10.USA P202/1/07693; 07698 [↑](#footnote-ref-11)
12. DOI:10.USA P202/1/07700 [↑](#footnote-ref-12)
13. DOI:10.USA P202/1/07701 [↑](#footnote-ref-13)
14. DOI:10.USA P202/1/07702 [↑](#footnote-ref-14)
15. DOI:10.USA P202/2/08373; 08374; 08375 [↑](#footnote-ref-15)
16. DOI:10.USA P202/1/07703 [↑](#footnote-ref-16)
17. DOI:10.USA P202/1/07704 [↑](#footnote-ref-17)
18. DOI:10.USA P202/1/07707 [↑](#footnote-ref-18)
19. DOI:10.USA P202/1/07709 [↑](#footnote-ref-19)
20. DOI:10.USA P202/1/07710 [↑](#footnote-ref-20)
21. DOI:10.USA P202/1/07714 [↑](#footnote-ref-21)
22. DOI:10.USA P202/1/07717 [↑](#footnote-ref-22)
23. DOI:10.USA P202/1/01020; 01021; 01022; 01024; 01025; 01026; 01027; 01029; 01030; 01032; 01034; 01035; 01037; 01038; 01039; 01028; 01031; 01035; /2/08454 [↑](#footnote-ref-23)
24. DOI:10.USA P202/1/01033 [↑](#footnote-ref-24)
25. DOI:10.USA P202/1/00913; 00914; 01001; 01002; /2/08453; 08453; 08452 [↑](#footnote-ref-25)
26. DOI:10.USA P202/1/00907; 01051; /2/08444; /3/09824 [↑](#footnote-ref-26)
27. DOI:10.USA P202/1/00990; 00995; 01046; 01057; 08133; 08193; /2/08442; 08446; 08609; 08445 [↑](#footnote-ref-27)
28. DOI:10.USA P202/1/01551; /2/08477 [↑](#footnote-ref-28)
29. DOI:10.USA P202/2/08478 [↑](#footnote-ref-29)
30. DOI;10.USA P202/2/08478; 08480; 08482 [↑](#footnote-ref-30)
31. DOI:10.USA P202/2/08479; 08481 [↑](#footnote-ref-31)
32. DOI:10.USA P202/1/01015 [↑](#footnote-ref-32)
33. DOI:10.USA P202/1/07691 [↑](#footnote-ref-33)
34. DOI:10.USA P202/1/07694; 07696 [↑](#footnote-ref-34)
35. Moonitz suggested that Chambers should apply for the George Oliver May Accounting Chair at Columbia University (DOI:10.USA P202/1/07705). Chambers declined to do so, determined to remain in Australia indefinitely. Nonetheless, given the difference of opinion between Chambers and May, this is not devoid of irony (DOI:10.USA P202/1/07695; 07706; 07708). [↑](#footnote-ref-35)
36. DOI:10.USA P202/1/00929 [↑](#footnote-ref-36)
37. DOI:10.USA P202/1/00930; 00931; 00932; 00933 [↑](#footnote-ref-37)
38. DOI:10.USA P202/1/00544; 00545; 00711; 00731; 00732; 00892; 00893; [↑](#footnote-ref-38)
39. DOI:10.USA P202/1/00903; 00934; 00935; 00936; 00937; 00938; 00939; 00940; 00942; 00943; 00944; 00949; 00952; 00953; 00957; 00958; 00959; [↑](#footnote-ref-39)
40. DOI:10.USA P202/1/00925; 00928; /2/08457; [↑](#footnote-ref-40)
41. DOI:10.USA P202/2/08455; 08456; 08607 [↑](#footnote-ref-41)
42. DOI:10.USA P202/1/00906; 00975; 00977; 00978; 00979; 00980; 00982 [↑](#footnote-ref-42)
43. DOI:10.USA P202/1/00983; 01065 [↑](#footnote-ref-43)
44. DOI:10.USA P202/1/00997; 01058; 01059; /2/08458; [↑](#footnote-ref-44)
45. DOI:10.USA P202/1/00950; 00999; 01000; 01001; 01002; 01132; 01133; 01135; [↑](#footnote-ref-45)
46. DOI:10.USA P202/1/00740 [↑](#footnote-ref-46)
47. DOI:10.USA P202/1/08129; 00985; 00990 [↑](#footnote-ref-47)
48. DOI:10.USA P202/1/00985 [↑](#footnote-ref-48)
49. DOI:10.USA P202/1/08128 [↑](#footnote-ref-49)
50. DOI:10.USA P202/1/00987; 00989; 00990; 00993; 08130; 08131; 08133; 08134; 08136 [↑](#footnote-ref-50)
51. DOI:10.USA P202/1/00994; 00995; 08137; 08138 [↑](#footnote-ref-51)
52. DOI:10.USA P202/1/01209; 07738; 07984 [↑](#footnote-ref-52)
53. DOI:10.USA P202/1/07739; 07740; 07741; 07743; /2/08548 [↑](#footnote-ref-53)
54. DOI:10.USA P202/1/07744 [↑](#footnote-ref-54)
55. DOI:10.USA P202/1/07745; /2/08550 [↑](#footnote-ref-55)
56. DOI:10.USA P202/1/01086; 01152; 01153; 01172; 01177; 07737; 08142; 08143 [↑](#footnote-ref-56)