

The Accounting Historians Notebook

Volume 26
Number 2 October 2003

Article 3

2003

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Recommended Citation

Romeo, George C. (2003) "Notable 19th century American accountants that could be considered for the Accounting Hall-of-Fame," *The Accounting Historians Notebook*: Vol. 26 : No. 2 , Article 3.
Available at: https://egrove.olemiss.edu/aah_notebook/vol26/iss2/3

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Notable 19th Century American Accountants That Could be Considered for the Accounting Hall-of-Fame

by

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In America, the 19th century marked the beginning of substantial economic changes (development of the vast railroad system, industrialization, and unsatiated demand for capital), providing an environment conducive to the establishment of a new profession, public accountancy. There were many accounting pioneers in the United States who helped the accounting profession develop during this transitional period. Many of the 19th century American accountants are not as well known as their 20th century counterparts, and only two accountants who worked primarily in the 19th century are currently in the Hall of Fame; Charles E. Sprague and Charles Haskins. Until recently, there was a stipulation that prevented 19th century accountants from entering the Accounting Hall of Fame; that is, a person must have contributed to the accounting field since the beginning of the 20th century as noted by the following quote from the Accounting Hall of Fame web page:

The Accounting Hall of Fame was established at The Ohio State University in 1950 for the purpose of honoring accountants who have made or are making significant contributions to the

advancement of accounting since the beginning of the 20th century

[<http://www.cob.ohio-state.edu/~acctmis/hof/intro.html>]

The Accounting Hall of Fame has recently started an old-timers' committee to allow 19th century accountants access to the hall. When determining who should be allowed in, the criteria is as follows:

Evidence of such service includes contributions to accounting research and literature, significant service to professional accounting organizations, wide recognition as an authority in some field of accounting, advancement of accounting education, and public service. [<http://www.cob.ohio-state.edu/~acctmis/hof/intro.html>]

The goal of this paper is to include brief histories of prominent 19th century accountants who meet these criteria and are now eligible to be elected to the Accounting Hall of Fame. The accountants will be separated into five groups: authors, editors, educators, leaders, and practitioners. With the profession emerging from 1880's New York City and with the two major accounting organizations housed

there, it is not surprising that the last twenty years of the century was dominated by editors, practitioners, and leaders from New York.

Accounting Authors

Thomas Jones is considered to be the first modern American accounting text author. Because of this fact, he very easily could have been included with the educators. However, his greatest contribution to accountancy was his being first to insist that the financial statements were the main purpose of the accounting process (proprietary accounting) rather than the bookkeeping aspects of journalizing and the keeping of the ledgers. His writings and teachings marked the beginnings of the modern period of reporting [Previts and Merino, 1998, p. 78 and 130].

Captain Henry Metcalfe, an American Army ordinance officer, probably wrote the first modern book on cost accounting: *The Cost of Manufactures and the Administration of Workshop*, 1885 [Chatfield, Michael 1996, pp. 415--416]. A summary of his book in *The Office*, describes the high regard in which his book was held at the time: "This volume, which in many respects is one of the most important additions to the literature of bookkeeping and business management which has been published in a long time,..." [1886, p. 10-11]. An article Metcalfe wrote for *The Office* was an abstract of his paper that was read before the American Society of Mechanical Engineers in

Chicago [1886, p. 19-20]. The next three articles by Metcalfe that were published in *The Office* were based on a lecture delivered before the Institute of Accounts (IA) in New York on June 15th, 1886 [Metcalfe, 1886, p. 30-32, 48-50, and 64-66]. This lecture and the related articles helped to bring members of the IA to a higher technical level in cost accounting, making various papers by IA members, such as Hardcastle, Kittredge, and Child, in accounting journals in the 1890's possible.

Another notable accounting author was Joseph Hardcastle, a regular contributor to various early journals about accounting in the United States, who became one of the foremost authorities on the theory of accounting during the 19th and early 20th centuries. Some of his writings on leases, bonds, and depreciation are still applicable today. Hardcastle's published works, in addition to numerous journal articles, included a book, *Accounts of Executors and Testamentary Trustees: Lectures Before the New York University School of Commerce, Accounts and Finance*. A year before he died, New York University (where he was Principles and Practice of Accounts Professor) conferred the honorary degree of Master of Letters upon him and made him an honorary alumnus ["Joseph Hardcastle," 1906, p. 53].

Other accounting authors of the 19th century include C.C. Marsh, E.G. Folsom, and John Caldwell

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Colt [Previts and Merino, 1998, p. 76].

Accounting Educators

There is no doubt that many authors, lecturers, and school owners who taught bookkeeping offered their services to many business houses long before the 1880s when the public accounting profession really got its start in America. These “school men” truly may be said to be the pioneers of public accounting in this country [Ruth S. Leonard, 1940].

James Arlington Bennett was probably the first educator to start a successful bookkeeping or accounting school in the United States [Memo in Webster Archives] and played a leading part in the early popularizing of the idea of specific training for business pursuits [Haynes and Jackson 1935, p. 17]. Bennett's school was the forerunner of the business colleges that educated the working-class students and accountants of the 19th and early 20th centuries. Before the establishment of Bennett's school, bookkeepers were trained by apprenticeship; by channeling bookkeepers through a specialized course, he raised the level of expertise for bookkeepers. Thus, the formal classroom training replaced the slow and uncertain method of learning by apprenticeship.

Bennett's contributions to education in accounting are significant: he provided an affordable means of training for prospective bookkeep-

ers. He showed that the knowledge and skills required to become a bookkeeper could be reduced to a system and, thus, taught in a classroom environment using facsimile business papers and documents as an aid to recording transactions in the classroom. Most importantly, he provided working-class individuals an option besides the apprenticeship method developed in England.

Bennett's lectures were of a type that would be the forerunner of those heard in the business colleges that would emerge in the 19th century [Previts & Merino, 1998]. In fact, Bennett would establish the framework for educating bookkeepers in the U.S. that would differentiate it from the English method of training.

Silas Sadler Packard was a leading business educator and head of the Packard Business College, which he established in 1858 as part of the Bryant and Stratton system and administered until his death. By 1897, the school had turned out approximately fifteen thousand graduates. The success of his school had an international influence; many business schools, particularly those at Paris and Rouen in France, were founded on Packard's model [*The Bookkeeper*, 1898, p. 47]. He was one of the founders of the Business Educators' Association of America as well as its first president. In 1896, he assumed the first presidency of the Commercial Teachers' Federation [Obituary, 1898, p. 667].

Packard's publications included the Bryant & Stratton series of bookkeeping textbooks and a monthly magazine, the *American Merchant*. From 1868 to 1870, he edited and published *Packard's Monthly* [History of the Greater New York, Biographical, pp. 413-415]. Packard wrote various other books on accounting and bookkeeping and had numerous articles published in such journals as *The Book-Keeper*, *American Counting Room*, *The Office, Business*, and *The Bookkeeper* (Detroit). He was an active member of the IA beginning in 1883 and served as its president in 1895 and 1896. He also presented at least four lectures on topics such as the classification of accounts, education, and moral duties [Romeo and Kyj, 1998, p. 51-53].

In 1865, Thomas May Peirce organized the Peirce Business College for the purpose of preparing young men for a business career. Peirce authored many of the texts used at his business college: *Text Business Problems*, *Peirce School Manual of Bookkeeping*, *Peirce College Writing Slips*, and *Peirce School Manual of Business Form*. Five hundred and fifty students enrolled in the school the first year. If the recognition of a school is indicated by the commencement speakers, this school was quite prestigious. Some of the speakers included: Andrew Carnegie, President Benjamin Harrison, President Grover Cleveland, William Jennings Bryan, John Wanemaker,

President William H. Taft, President Theodore Roosevelt, Senator Joseph T. Robinson, Vice-President Charles Curtis, and Senator Alben W. Barkely. Peirce received an honorary degree of Ph.D. from Dickinson College in recognition of his work in education. Additionally, he was president of the Bookkeeper's Beneficial Association of Philadelphia [Webster Archives].

George Soule was president of the Associated Accountants of New Orleans ["Accountants' Associations, Associated Accountants of New Orleans," 1898, p. 512]. He was a member of the national IA and head of a successful business school [Business, December 1895, "Brief Mention," p.433]. Soule was a prolific writer who published various books on accounting and mathematics including Soule's *Manual on Auditing* and Soule's *New Science and Practice of Accounts* as well as numerous articles in journals such as *The Book-Keeper*, *The Office, Business, Accountics*, *The Bookkeeper (Detroit)* and *The Accountant*. In recognition of his many accomplishments as a writer and educator, Tulane University of Louisiana conferred the honorary degree of doctor of laws upon Soule [Baladouni, 1996, p. 543].

Other business school leaders or educators included Benjamin Franklin Foster, R. M. Bartlett, George Comer, Peter Duff, E. K. Losier, Thomas Jones, H.B. Bryant,

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and H. D. Stratton [Previts and Merino, 1998, p. 75]. There was also Henry Cook, who was Chairman of the Charter Committee for the College of Accounts for the AAPA in 1892 and author of the State Society Resolution for the NYU School of Commerce, Accounting and Finance in 1899 [Webster, 1954, p. 342].

Accounting Editors

A great editor can greatly influence the field in which they work. Selden R. Hopkins, whose background held twenty years of experience in accounting, was the pioneer accountancy editor in the United States. For at least five years, he was the first and only editor of an accounting journal. In that capacity, with his little sixteen page paper, he became the father of the first professional association of accountants in the United States and disseminated the science of accounting throughout the United States. Hopkins was an educator and, therefore, brought high ideals and a professionalism that had not previously existed in accounting in the U. S. to the journals he edited.

Anson O. Kittredge was one of the main contributors to the advance of the accounting profession in the second half of the 19th century. Kittredge published several articles on accounting theory and served as the editor of various journals over his lifetime. There were many individuals who helped shape the early accounting profession in

the United States during its infancy; however, few among his contemporaries can match Kittredge's contributions as an editor, author, teacher, innovator, editor, practitioner, organizer, and CPA examiner [Romeo and Kyj, 2000, p. 117].

Throughout his fourteen years as an editor, Kittredge's journals included numerous educational articles on the science of accounts. McMillian (1998) acknowledged Kittredge to be one of the leading forces advocating the science of accounts in the U.S. and documents evidence on Kittredge's view of accounting as a real science in articles written in 1896 [pp. 25-28].

Other accounting editors include Elmer Henry Beach, editor of *The Bookkeeper* of Detroit; Henry Goldman, editor of *Office Men's Record*; Alois Gonzaga Thienel, editor of *The N. Y. Accountants and Bookkeepers Journal*; and Seymour Walton, editor of *The Auditor* [Webster, 1954, pp 110-118].

Accounting Leaders

When the New York Board of CPA Examiners issued waivers for the first group of CPAs alphabetically, Frank Broaker was issued CPA Number 1. Broaker was also secretary, vice-president, and president of the AAPA in the 1890's. Additionally, he was one of the organizers of the N.Y. School of Accounts in 1892 and first secretary of the New York Board of CPA Examiners. While President, he presented a lecture on cost and factory accounts to the AAPA [The Finan-

cial Record, July 14, 1897, p. 3]. He co-authored the *American Accountants Manual* in 1897 (the first CPA review book) as well as *Technique of Accountants* in 1904. He belonged to the N.Y. State Society of CPAs and the National Society of CPAs [Webster, 1954, p. 336]. As if that were not enough, Broaker was also an important player in the passage of the first CPA Law.

John Loomis, who was active in public accounting for many years, was a member of the IA serving as a member of the Executive council from 1902 to 1904 and vice president of the NYSSCPA from 1898-1899. He was president of the American Association of Public Accountants 1903-1906 and a member of the New York Board of CPA Examiners from 1898 until his resignation due to the Perley Morse controversy in 1904 [NYSSCPA Ten-Year Book, p. 59].

The first president of the American Association of Public Accountants was James Yalden. Yalden was a member of the Charter Committee for the College of Accounts, which was established in 1894. He was a Trustee and Guarantor, as well as a teacher of governmental accounts, for the school. He became a CPA of New York (No. 138) and a partner with various public accounting firms [Webster, 1954, p. 387].

Farquhar J. MacRae received CPA certificate no. 23 in New York. He was an officer in the IA, and Incorporator of the NYSSCPAs as a charter member and elected as

vice president in 1899. MacRae succeeded Haskins as president upon Haskins' death. In 1903, he became the president of the Federation of Society of Public Accountant in the U.S. but resigned when the NYSSCPA withdrew [Committee on History, 1953, p. 107].

Henry Harney served at least nine terms as the president of the IA and the secretary of the National Institute of Accounts. He was a member of its committee, which prepared the New York CPA Law; in fact, he may have prepared the first draft of the law. He received certificate No. 18 and became a charter member of the NYSSCPAs [Committee on History, p. 106].

Before becoming an Accountant, Ferdinand William Lafrentz had a fascinating career serving as a member of the Wyoming legislature and authoring a book of poems and a book on his childhood days [Previts and Merino, 1998, p. 147]. Lafrentz served in various executive positions in the AAPA and was its president from 1901 to 1903. He was one of the founding members of the NYSSCPA and instrumental in the passage of the New York CPA Law. He served as a member of the New York State Board of CPA Examiners for the years 1904 and 1905 as well as from 1917 to 1925. He was also on the first faculty of the NYU School of Commerce, Accounting, and Finance as an instructor in Auditing [Committee on

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History, 1961, p. 212]. The Board of Directors of the New York State Society of Certified Public Accountants presented a testimonial to Lafrentz in 1947 as part of its 50th anniversary:

We express our sincere and heartfelt appreciation which he has served for over a half century...fully realizing...that the history of our profession and of our Society for this first half century would not be complete without this recognition of his great contribution to their advancement and development.

[Committee on History, p. 211]

Ferdinand William Lafrentz died in 1954 at the age of 95.

Richard Fowler Stevens, who was a brigadier-general of the New Jersey militia during the Civil War, served as president of the AAPA and the first president of the New Jersey Society for seven years. While president of the AAPA, Stevens was a Trustee and on the Committee on Curriculum and Teacher Transportation in the N.Y. School of Accounts. He was also one of the initiators of the CPA laws of both New York (member of the Committee of 14 for the CPA Law) and New Jersey [Webster, 1954, p. 278].

A short list of other leaders of accounting in the 19th century include the following: early founders of the AAPA, including James T. Anyon and William H. Veysey; active members of the IA, including

Charles Dutton, John Hourigan, Thomas B Conant, Edward C. Cockey; one of the leaders of the CPA movement, Francis Gottsberger; leaders who spanned both centuries, such as Frederick Manvel, John Robert Sparrow, and Arthur Teele; as well as an early leader of the California movement, Alfred George Platt.

Accounting Practitioners

Arthur Young, whose law career was cut short because a hearing defect, started the firm of Arthur Young & Company. He served on many committees of the Illinois Society and was its president from 1912-13 [Higgins, 1968, p. 271. A couple of other impressive practitioners are William F. Rodgers of Baltimore and John Heins of Philadelphia, as well as James T. Anyon and William H. Veysey of New York (who were mentioned above as leaders in the development of the AAPA).

Conclusion

There were many great accountants in the 19th century who deserve the recognition and status afforded by election to the Accounting Hall of Fame. Since there were so many accounting pioneers who helped make ease the transition of the accounting profession from bookkeepers to professional accountants, it would be very easy to leave out some names. This is just one attempt to recognize the names of some of those men who took accounting into the 20th century

and deserve such recognition.

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Minutes of Academy Meetings

Meeting of Officers, Trustee and Key Members

Saturday, March 8, 2003

Hyatt Regency Hotel
Houston, TX

Present: Joann Cross, Dale Flesher, Finley Graves, Sarah Holmes, Alan Mayper, Barbara Merino, Gary Previts, and John Rigsby

Call to Order

Sarah Holmes, President of the Academy, called the meeting to order at 12:30 pm and distributed the agenda.

Minutes

Sarah Holmes distributed the minutes of the August 14, 2002 meeting in San Antonio of Officers, Trustees and Committee Chairpersons. Finley Graves moved that the minutes be approved, Dale Flesher

seconded the motion and the minutes were approved unanimously.

Treasurer's Report

John Rigsby distributed the Treasurer's Report that included the Audited Financial Statements and other financial reports for 2002. He discussed some of the notes attached to the statement for the month of December 2002. One note reported that the Endowment Fund CD was increased by \$2,000 when it matured in April 2002 so that it would be a close match to the balances in the endowment equity accounts. John discussed the note that showed a prior period adjustment to 2001 revenues of \$4595 to reflect the amount of prepayment of 2002 dues. He also noted accrual of a contingency in December 2002 of \$2,000 for shipping of books

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