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Papers and proceedings of the first annual meeting (American Association of University Instructors in Accounting); Present status of instruction in accounting in colleges and universities; Problem of standardizing university courses in accounting

American Association of University Instructors in Accounting

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The American Association  
*of*  
University Instructors  
in Accounting

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PAPERS AND PROCEEDINGS  
OF THE  
FIRST ANNUAL  
MEETING

COLUMBUS, 1916

# American Association of University Instructors in Accounting

ORGANIZED AT COLUMBUS  
DECEMBER 28, 1916

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VOL. I. NO. 1.

MAY, 1917

The American Association  
*of*  
University Instructors  
in Accounting

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PAPERS AND PROCEEDINGS  
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# Program of the First Annual Meeting

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THURSDAY, DECEMBER 28TH

10:00 A. M. *Organization meeting.*

Presentation of tentative constitution and by-laws.  
Election of officers—appointment of committees, etc.  
Discussion of plans for work.

11:30 A. M. *First Session.*

The Present Status of Accounting Instruction in  
Colleges and Universities.

JOHN E. TRELEVEN, University of Texas.  
Discussion.

2:30 P. M. *Second Session.*

The Relation of Accounting to Economics.

DAVID FRIDAY, New York University.

Discussion:

JOHN C. DUNCAN, University of Cincinnati.

MARTIN J. SHUGRUE, Massachusetts Institute of  
Technology.

8:00 P. M. *Third Session.*

The Problem of Standardizing University Courses  
in Accounting.

FAYETTE H. ELWELL, University of Wisconsin.

Discussion:

JOHN BAUER, Princeton University.

CHARLES C. HUNTINGTON, Ohio State University.

EARL A. SALIERS, Yale University.

## THE PRESENT STATUS OF INSTRUCTION IN ACCOUNTING IN COLLEGES AND UNIVERSITIES

By John E. Treleven, University of Texas

College courses in accounting are so familiar to this generation of students that the presence of courses in accounting in the college curriculum is accepted as a thing to be expected and excites no particular notice or comment. To the instructor who has been familiar with the content of the college curriculum for even so short a time as a decade, however, the rapid increase both in the number of institutions in which accounting is taught and in the number of students studying accounting stands out as a remarkable fact. The rapid acceptance of accounting as a proper study for the college curriculum is particularly noticeable in view of the well-known disinclination of many college and university faculties to admit new subjects to the curriculum and their entirely proper insistence that before such subjects be offered it must be shown both that the subject-matter of the proposed course has been properly organized for class-room presentation and that the methods of teaching the subject are in accordance with well-established pedagogical principles.

For the purpose of this study the Ronald Press kindly furnished a list of degree-granting institutions in which accounting is taught. There is little reason to question the completeness of this list, although from personal knowledge one university (Toledo U.) was added to it. For the purpose of tabulation, Yale College and the Sheffield Scientific School were counted as two institutions, as were also Harvard College and the Harvard Graduate School of Business Administration. The revised list contained the names of 154 institutions which were credited with offering courses in accounting. 18 of these schools have been disregarded on the ground that the instruction given is not of college grade. All of these 18 colleges are denominational institutions. In each case the business department is separate from the college, entrance to business courses does not require college standing, and no college credit is given for the work done. Plans have been formulated for the establishment of a collegiate school of business in one of these

colleges (Augustana College) patterned after those now in operation. Five other schools were taken from the list because no evidence could be found that they offer courses in accounting. One of these colleges (Russell Sage College of Practical Arts) will have accounting courses next year. Another of these institutions (Northern Illinois University) is branded as a college on paper only by one of the supposed members of the faculty. As the basis of information in the case of the other three schools was the catalog of a year ago, it is possible that courses have been instituted since the catalog was published.

Nothing could be learned of the work given in 26 colleges. Twenty-two of these schools are small, local colleges. It is highly probable that such accounting courses as are given in these schools are offered in business departments of secondary-school grade, and it is improbable that there is any considerable amount of accounting work of college grade offered in these schools; certainly there is no professional training in accounting given. Two of the remaining 4 institutions in this group are Y.M.C.A. schools (Boston and Baltimore). Judging from the reputation which these schools have, it is almost certain that at least a portion of the accounting work done there should be considered as of collegiate character, but since this study is concerned primarily with the status of accounting in colleges and universities, the omission of these schools does not seriously affect the conclusions drawn. Another school concerning which no definite information was obtained (Highland Park College) has a large business school, but whether the accounting courses given should be classed as secondary-school or collegiate courses is unknown. One Canadian university (The University of Saskatchewan) was omitted from the list because of lack of information.

After deducting from the 154 names on the original list the 18 schools giving secondary-school instruction only, the 5 in which accounting is not taught, and the 26 concerning which no data were at hand, there remain 105 institutions in which accounting instruction of collegiate grade is now given. It seems probable that this number is not far from accurate. To attempt to make any general classification of the institutions in which accounting is offered would serve only to provoke discussion as to the basis of classification and would throw little light on the status of accounting instruction.



It is desirable, however, to make a division on the basis of the amount of instruction in accounting and the purpose for which the instruction is given. The basis of division adopted must necessarily be more or less arbitrarily chosen, and no matter what basis is taken there will be some schools which might be classified in either of two or more groups almost equally well. A classification into four groups has been made. The first group includes schools in which professional training for accounting is given. The offering of two full-year courses in accounting has been taken as evidence of the intention to provide professional training. This is, of course, a low standard for professional training, but in view of the qualifications for professional practice accepted in various sections, a basis of classification requiring any higher standard than two full-year courses was thought to be unwarranted. On this basis, 51 or a little fewer than one-half of the institutions in which accounting is taught provide professional training.

The second group includes colleges and universities in which training for business is seriously undertaken, but in which professional training in accounting is not offered. 11 institutions fall into this class. It is evident that the primary purpose of instruction in accounting in this class of institutions is to give students of business ability to interpret business facts and processes through an understanding of business records and to enable them to comprehend as fully as possible the phenomena of their business environment.

Institutions in which neither professional-accounting training nor special training for business is undertaken form a third group. In general it may be said that accounting is included in the curriculum of these schools first, because of its bearing on the problems that arise in the study of economic and governmental problems and secondly, because of its business application. In some schools the former purpose seems to have determined its introduction; in others the latter purpose seems to be predominant. 35 schools, or one-third of the entire number, are in this general group.

Finally there is a group of institutions in which accounting is taught not for its own sake but because of its application in specialized professions other than business in the ordinary meaning of the term. There are 8 technical schools in which accounting forms a part of the professional curriculum.

The geographical distribution of schools in which accounting is taught is of little importance, excepting that it shows how widespread and surprisingly evenly distributed training for accounting is. Two-fifths of all schools are in the North Central states,  $\frac{3}{10}$  in the East,  $\frac{1}{5}$  in West, and  $\frac{1}{10}$  in the South. The distribution of schools offering specialized professional training and of those in which instruction is of a general nature is almost exactly the same as the distribution of all schools.  $\frac{1}{2}$  of the technical schools, however, are in the East and only 1 is west of the Missouri River.  $\frac{1}{3}$  of the special business courses in which accounting is not featured are in the South and  $\frac{1}{4}$  in the West, a situation which is natural in view of the commercial and industrial situation and the recent development of educational institutions in those sections.

Of greater importance is the question of location with regard to commercial and industrial centers. Accountancy is distinctly an urban profession, and most of the vocations in the preparation for which accounting is an important study are localized in city rather than in country environment. While  $\frac{3}{5}$  of all the schools in which accounting is taught are located in towns of minor commercial importance only  $\frac{3}{7}$  of the schools giving professional courses are so located, but, on the other hand,  $\frac{2}{3}$  of the schools in which general courses only are offered are not in proximity to cities. Although but a little more than  $\frac{2}{5}$  of all schools are located in cities,  $\frac{4}{7}$  of the schools giving professional courses and only  $\frac{1}{3}$  of those classed in the general-training group have urban locations. When location by sections is considered with reference to city or country environment, the proportion of professional work done under urban conditions is even more noticeable. In the East only 3 out of 12 institutions giving professional work are not in cities of major importance; in the Central states the proportion of professional schools in cities is the same as for the whole country ( $\frac{4}{7}$ ) while in the South and West the proportion of schools in cities is lower than the average.

A study of the teaching of accounting in institutions supported from public funds helps to explain the general and even distribution of professional courses throughout the country and shows clearly why  $\frac{3}{7}$  of the professional courses in accounting are given in schools which are located not in cities, but away from scenes of

## ACCOUNTING INSTRUCTION IN UNIVERSITIES

business activity.  $\frac{3}{7}$  of all the schools on the list are supported by states or municipalities; and  $\frac{4}{7}$  are privately maintained. But exactly  $\frac{1}{2}$  of the professional courses and only  $\frac{1}{3}$  of the general courses are found in public institutions. With one exception (Tulane) every professional course offered in the South is given in a state-supported university. Only three privately operated western institutions (and the inclusion of one of these in the class giving professional work is of doubtful propriety) are giving professional courses. (Denver, Occidental, and Santa Clara.) Now  $\frac{4}{5}$  of the state and municipal colleges and universities are located in minor towns, and but slightly more than  $\frac{2}{5}$  of the private institutions are in a country environment. Of the nine public institutions located in cities, every one with a single exception (Indiana) offers professional training, but these professional courses in urban universities make only  $\frac{1}{3}$  of the total number of professional courses given in public institutions. Of the 35 private institutions located in urban environment, 20 give work which can be classed as professional. These 20 urban schools are  $\frac{3}{4}$  of all private schools giving professional courses. Sixteen out of 35 public institutions located in towns give professional training; only 6 out of 27 private institutions so located give professional work. Looking at the facts from another angle, it is seen that while the number of public and private schools having professional courses is equal, only  $\frac{1}{3}$  of the public institutions as against  $\frac{3}{4}$  of the private schools are located in cities.

These facts show that the facilities for a professional study of accounting found in the commercially less important sections of the country to a surprising extent have been provided largely by public institutions as a part of their general policy of professional education. The location of the majority of these public institutions in towns rather than in cities has taken a considerable portion of the teaching of accounting away from centers of commercial activity. The fact that by far the greater number of private colleges and universities which have developed professional training are located in cities would tend to show that the growth of training courses in accounting away from business centers has been in spite of the handicap of location.

Professional training for accounting is an important educational undertaking which should not be in any way belittled. It is un-

doubtedly true, however, that the study of accounting as an aid in the interpretation of business and for its application in business employments of various sorts and because of its bearing on general problems is a field of greater importance than the study of accounting professionally. In the first place, the professional field is distinctly limited as compared with the opportunities in general business excepting for the more than ordinarily successful man. Then, too, a comparatively few students are fitted either by inclination or temperament to follow so exacting a profession as accounting. A recently issued directory of the graduates of the course in Commerce of the University of Wisconsin shows that out of a total of 479 graduates only 20 are following the profession of accountancy. These figures are particularly significant since the courses in accounting given in the University of Wisconsin have been held in high regard for a long time and the graduates of that university who have entered the profession of accounting have been successful in their work. It is not unusual to find in the announcements of specialized courses in accounting such statements as: "Prerequisite: the completion of previous courses with a grade of B," or "Open only on the consent of the instructor." These statements may be taken as a recognition of the fact that the advanced professional courses in accounting are for the few who show special aptitude. The great disparity in the enrollment for foundation courses and for advanced courses which is found in nearly every institution points again to the fact that the general work in accounting is and should be for the many but that the highly specialized and technical professional courses are for the few.

That the study of accounting is recognized as being fundamental in any business curriculum is attested by the fact that accounting is a required subject in the program of every school of business that has been examined. The increasing enrollment in the courses in accounting which are of general application and interest in schools of business and the introduction of accounting into non-professional curricula are both highly encouraging signs of the growing interest in the non-professional study of accounting. The latter development is of particular significance as illustrating the broadening field of instruction. Courses in accounting of general application have found their way into the curricula of such institutions as Princeton, Yale College, Oberlin, Beloit, and Brown. An enrollment of 140 in an

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undergraduate non-professional course in Harvard College is good evidence of the demand for this sort of course.

A development that is of interest is the introduction of accounting courses into technical schools. Courses in accounting are offered in six schools of engineering. In two of these schools accounting is required of all students; in two of these it is a required subject in certain courses; and in the remaining two it is on an elective basis entirely. In at least three universities special courses are given for engineering students, and in three others certain engineering students are required to take some of the regular accounting courses. Reports from 13 other universities state that accounting is open to election by engineering students. (Note: the data on many of these points are incomplete. Statements made must be taken as an indication of tendencies rather than absolute facts.) The special courses given for engineers are all similar in that they take up the subject of industrial costs after an elementary and sometimes non-technical study of general principles is made.

Special courses adapted to the needs of various classes of professional students are given in one technical college for women, and several reports indicate that special courses in Home and Personal Accounts are given in connection with courses in Home Economics. One college of education offers special work for teachers, and several courses in methods of teaching bookkeeping are listed in college catalogs. In one institution a special course for law students taking a combined arts and law course are required to study accounting. Nine other universities report that accounting courses are open to election by law students. In six universities agricultural students may elect accounting. In a number of universities and agricultural colleges special courses in farm records and costs are offered. The movement to adapt accounting instruction to the special needs of various groups of professional students has just begun. Important developments in this direction should come in the not-distant future.

This paper has not dealt with the teaching of bookkeeping of secondary-school grade, nor with the courses offered in junior colleges. Some notice must be taken of pre-college courses, however, in the instances in which secondary-school and college courses are given in the same institution. As careful a study as could be made showed that in 26 of the schools, or in 1/4 of the entire number

in which college work is given, courses not of college grade are also offered. In seven of these colleges, instruction in accounting is primarily for secondary or "business college" students, college credit being allowed for certain designated courses only. In some instances it seems that preparatory students and college students work in the same class, but the organization of separate classes for the college students is usually provided for. In fifteen institutions a business curriculum of pre-college grade is offered and also accounting work of collegiate rank. In these schools the preparatory work and the college work are clearly and definitely separated. No preparatory students work in the classes with college students, and, frequently, different instructors are in charge of the two sorts of work. In a number of instances students wishing to enter college classes in accounting are required to take some of the preparatory-school work without credit if they do not have a knowledge of elementary bookkeeping. In four universities which do not have regularly organized secondary-school work in business, preparatory classes in bookkeeping for which no credit is allowed are provided for students who have no knowledge of bookkeeping. On the whole, the teaching of accounting in colleges is much freer from a mingling of college and secondary-school work, a situation which is inimical to the maintenance of proper standards of accomplishment, than one might suppose if he knows something of the prevalence of the "business college" idea in business education.

The consideration of this topic leads, naturally, to the discussion of the subject of the short course in accounting in colleges and universities. Courses of study with accounting as a major subject, requiring less than four years for completion, are offered regularly at 20 institutions. In somewhat more than 1/2 of these 20 schools the short course is paralleled by a four-year course, and is offered as an alternative course for those who cannot spend four years in college. In the remaining schools no provision is regularly made for more work than is given in the short course, and in some instances at least no provision seems to be made for applying credits made in the short-course work on academic collegiate degrees. One school provides a one-year course; 9 offer two-year courses; 7 give three-year courses; and 3 offer courses of various lengths suitable for different classes of students. Eight of these 20 schools award a degree for the completion of the short course, 6 giving the

degree after three years of work, 1 after two years of work, and 1 for the completion of a single year of work. This latter school retains its position in the collegiate class by virtue of its entrance requirements. The degree of Bachelor of Commercial Science is the degree usually, if not always, granted for less than four years of work.

In 20 schools instruction in accounting is given at evening sessions. In 13 of these institutions day-session and night-session classes parallel or supplement one another. The day session seems to be the more important session in four schools, the principal session is at night in nine schools, and in seven schools no day session is held. Needless to say, all the schools holding night sessions are located in important commercial cities.

There is a great difference of opinion as to the time in the college course when accounting can be studied. Exact figures are not available, but in somewhat more than  $1/3$  of the institutions freshmen are permitted to study accounting; in about  $1/2$  of the schools sophomore standing is a prerequisite; in several schools junior or senior standing is required. Two admit only seniors or graduates; and two require graduate standing for admission to accounting classes. An analysis of the schools which admit freshmen to accounting courses narrows the field materially. If the evening students and the short-course students are eliminated as being in a special class, only about fifteen schools are left which regularly admit full-time college freshmen to accounting work. All but three or four of these schools are in the far West or the South, so that it may be said that with a few notable exceptions courses in accounting are not open to freshmen students in northern and eastern colleges. Even in the South there are some schools which bar freshmen, and neither of the great universities in California allows freshmen to study accounting. This general attitude is prompted no doubt by the same desire to raise the standards of professional work which has prompted the general increase in the entrance requirements to colleges of law and medicine. In schools not offering professional training in accounting, the accounting courses are usually classed with advanced and specialized work and are reserved for the later years of the courses.

Elementary bookkeeping is a prerequisite to the study of accounting in only 12 schools. Opportunity to make good deficiencies

in preparation is given in 9 institutions in the form of preliminary non-credit courses. In practically all the schools which do not require bookkeeping as a prerequisite no distinction is made between students who have studied bookkeeping and those who have not done so. All students are usually placed in the same course and more frequently than not in the same sections. The failure to articulate high-school and college courses is not confined to the teaching of accounting, but is a serious fault throughout college work. Possibly two beginning courses, one for students with a knowledge of bookkeeping principles and one for those who have never studied bookkeeping, differentiated to meet the needs of these two classes of students would help solve the problem. In a very few instances such double beginning-work is provided.

The Principles of Economics is made prerequisite to courses in accounting rather generally in colleges which do not offer professional business training. In specialized schools of business the tendency is not to require economics as a prerequisite, although economics is almost universally made a required subject in the business curriculum. Frequently economics and accounting are made parallel courses and in a few cases students are urged to study accounting as a preparation for the study of economics.

From the data at hand from about 45 schools it is difficult to draw conclusions as to the amount of credit allowed for courses in accounting. Some credit toward some degree is allowed in every institution included in this study. In some half-dozen schools credit is limited entirely to certain technical degrees, but the general practice is to allow credit toward academic as well as professional degrees in business. It is impossible to state exactly the nature and amount of the credit granted in all cases. In at least 12 institutions, and probably many others in which few courses in accounting are given, degree-credit is allowed, but accounting may not be counted either as a major or a minor subject. Accounting may be considered a minor subject but not a major subject for an academic degree in 11 schools; in 20 schools it may be selected as a major subject for a general degree. In every case examined accounting could be made the major subject of study for a professional degree in business. Graduate credit is allowed for courses in accounting, subject in all cases to the rules governing graduate study, in at least 29 universities. In 6 universities no graduate



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credit for accounting is granted. Accounting study is given credit but may not be made a major or a minor subject in 7 universities, it may be a minor but not a major subject in 14, while in 4 it may be selected as a major subject of graduate study. In 4 universities graduate credit for accounting is confined to certain technical, higher degrees.

It is not within the scope of this discussion to consider fully the questions of specific courses offered, or of methods of teaching employed. Laboratory exercises in the practical application of accounting principles are a feature of nearly all beginning-courses. The plan of a combined lecture or recitation and laboratory period is most in favor, but if the evening schools in which this plan is uniformly followed are excluded the majority in its favor is materially reduced. Separate laboratory hours are most frequently provided in the state schools of the North and West. In a goodly number of instances no laboratory work is provided, but students are expected to work on the exercises assigned outside of the class period. A combination of continuous bookkeeping exercises and accounting problems forms the basis of the laboratory work in fully 75% of the introductory courses. Some few schools require no problem working and in a comparatively small group of schools all laboratory work is based on disconnected and isolated problems. In these schools the emphasis in teaching is on the interpretation and significance of accounting facts and the technique of accounting is either ignored or is touched upon but slightly. In the more advanced classes the problem method of teaching is relied upon almost exclusively, although in some specialized courses of intermediate grade which deal with the accounts of particular industries, continuous practice sets are used freely in a number of cases and to a limited extent frequently.

Out of 45 institutions for which data are available, 24 give no credit for practical work in accounting. Eight have allowed credit under certain circumstances, and 13 have regular arrangements for allowing credit for practical work. In most cases the work for which credit is allowed is practical work in auditing, or industrial costs or construction of systems when done by advanced students.

The courses given in schools which do not provide for professional training have many points in common. They are likely to be of more general nature than those given for professional train-

ing; the period of study of accounting technique is likely to be abridged or omitted entirely; emphasis is placed on the interpretation of accounts and accounting results rather than on the construction of the accounts themselves. There are, of course, exceptions to this statement, but for the group of general courses as a whole, the statement made holds good.

The only specialized courses which are commonly found in schools which do not attempt professional training are costs and auditing, each of which is offered in some half-dozen institutions. The general courses are either one-half year or one year in length, with three-hour courses extending through a year predominating.

Data regarding the courses given in three important professional schools are missing (Columbia, Toledo and Denver), but otherwise the data for this class of institutions are fairly accurate. In all but two schools giving professional training the foundation course extends throughout a year, although about a dozen schools would seem to allow credit for the first half-year without the completion of the second half-year of work. The credit given varies from 4 to 8 semester hours, with 6 hours as a node for day schools and 4 as a node for evening schools. The time given to laboratory practice varies from no special time to 8 hours a week. The plan of one lecture and two laboratory periods and that of two lectures and one laboratory period seem to be the most popular, although there is nothing approaching uniformity of practice in this respect.

A second non-specialized course following the work of the first year and requiring it as prerequisite is given in 30 schools. In 7 cases this is a half-year course; in 23 instances it extends throughout a year. Credits vary but are usually 4 to 6 semester hours for the year. Laboratory practice in this course is provided in but half a dozen schools. It is probable that in some cases this course is more highly specialized than the name of the course would indicate. Third-year courses which cannot be said to be specialized are given in four institutions.

Costs is the most frequently offered specialized course. It is given in 33 schools, in 25 cases for a half-year or less, and in 8 for a full year. The usual credit for the course is two hours per semester. Laboratory work accompanies the course in 10 cases. The prerequisites vary, but in about an equal number of cases are 1 or 2 years of accounting study respectively.

## STANDARDIZING COURSES IN ACCOUNTING

Auditing is offered in 30 schools in a separate course, less frequently for a full year than for a half-year. The credits and prerequisites are very similar to those given and required for costs.

An elementary problem course is found in the curricula of five schools and a C. P. A. problem course is offered in 21 institutions. 14 courses in the Designing of Accounting Systems are listed, equally divided between a semester and a year in length.

The following specialized courses are given in from one to ten schools: Accounting Theory; Corporations and Partnerships; Fiduciary Accounting; Public Utility Accounting; Municipal Accounting; Institutional Accounting; Bank Accounting; Investment Accounting; Railway Accounting; Insurance; Lumber; Retail Accounts; the Analysis of Corporation Reports; Cost Accounting for Printers; and Foreign Exchange Accounting. Five schools make special provision for accounting research.

Such, then, is the present status of instruction in accounting. When it is remembered that practically the entire development of college courses in accounting, both professional and general in nature has been within the past twenty years and that fully three-quarters of this growth falls within the last half of the period, the wonder is not that there are variations in practice and divergence in methods, but rather that the inconsistencies and variations are not greater than they are.

### THE PROBLEM OF STANDARDIZING UNIVERSITY COURSES IN ACCOUNTING

By Fayette H. Elwell, University of Wisconsin.

The problem of standardization confronts our association, and a frank discussion of some of the points involved seems timely. I feel the need for standardization comes primarily from the business world, which has the right to expect that courses given in different institutions under the same name cover approximately the same ground. I believe that they have been patient in their request that something be done toward the standardization of the courses. The instructors in accounting should realize that the poorly prepared students really prove a stumbling block in the way of advancing commercial education in general as business men fail to distinguish between the unsatisfactory case within his own experience and the

average student of good preparation. The transfers from one institution to another are increasing, and while many of such transfers are the students who have not made good, the number of transfers with satisfactory grades is increasing each year. It is with the latter type of student that we are concerned. Whether the student transfers from a night school to a day school, or between any combination of these two schools, the problem of assigning proper credits and proper programs must be solved promptly in justice to all parties concerned.

Another sign of the times showing the need of standardization appears in the fact that the normal schools and colleges are asking for details relative to the elementary courses which they may give for university credit. Some are so anxious to meet the standard that they are asking for recommendations as to instructors.

In preparing this paper I have assumed that the subject is limited to the resident courses in accounting as given in the colleges, schools or courses of commerce, business or business administration. The accounting courses of other departments, such as agriculture are excluded, as well as the correspondence courses. This limitation, however, includes accounting courses given in the Economics departments.

At the present time I do not believe the accounting courses are comparable, hour for hour and credit for credit, with courses of the General Arts or Letters and Science departments. In the majority of institutions, the time at the command of the instructor is not sufficient to adequately prepare the student for what may reasonably be expected of him. The instructor is therefore forced to require more work for the same number of hours or credits than is required by the other departments. The relief from this situation may come from convincing the faculty that more credit should be allowed for the courses as given. Failing in this the number of courses might be increased and precisely named so that no misunderstanding would result as to what the student had taken. However, I am inclined to believe that the accounting courses will continue to carry less credit than the time spent upon a subject usually earns. I predict that they will increase in spite of this handicap if the calibre of the work is as it should be.

It seems to me that the problems which require our attention may be divided as follows:

## STANDARDIZING COURSES IN ACCOUNTING

1. What is meant by accounting?
2. The purpose, content and method of teaching the courses.
3. The instructors.
4. The adjustments of the credits earned in the different institutions.

### WHAT IS MEANT BY ACCOUNTING

Accounting may be considered as consisting of four distinct and separate fields (a) designing the system of accounts (b) recording the transactions of the business in the systems designed (c) analyzing the entries and accounts with a view of determining their accuracy, and (d) interpreting the results as revealed by the operating and financial statements.

The first field is distinctly constructive and belongs to the realm of the public accountant. The second is that of bookkeeping, and contemplates keeping the records by some established system of bookkeeping. The third division of accounting is popularly called auditing, a subject in which the public accountant is supposed to be proficient. In the last division of accounting is considered the interpretation of the results. This particularly concerns the executive of the business, although the public accountant should be equally expert in this phase of the subject.

From this division of the subject you will see that I consider bookkeeping a division of accounting—in fact a very important division of the subject. While we are agreed, no doubt, that it is not the purpose of a university course in accounting to prepare bookkeepers, I maintain that this is the very fundamental basis of accounting, and that only after a thorough knowledge of bookkeeping can we expect the student to progress satisfactorily in accounting theory and practice.

The interpretation of accounts is just beginning to be understood by the business world, and regardless of the proportion of our students which goes into public accounting work, this phase of the subject should receive careful thought and consideration. I should like to take this opportunity of saying that I consider accounting the very basis of administrative science, for I can imagine no better or safer guide in determining future administrative policies than the results accruing from the policies in force during the past. We must educate the business man to realize that the mere recording of the

transactions of his business is in reality a very small proportion of accounting and that with the data contained in the records he has at his command one of the surest and most profitable means of determining future policies.

The teacher of accounting subjects needs to be prepared in each of the divisions enumerated above as thoroughly as the public accountant.

Courses should be offered adapted to the needs of both the professional accounting student and the prospective business executive. The former would continue with advanced and specialized courses, while the majority of the latter would be content with book-keeping, accounting theory and analysis courses. The student preparing for teaching accounting should take as many courses in the subject as possible.

A statement contained in the report of the Committee on Education of The American Association of Public Accountants for 1913 (page 253, 1913 year-book) should be brought to the attention of this group.

"If we add to the attendance of resident university schools the enrollment of the leading correspondence courses and other reliable resident C. P. A. coaching courses, we come to the conclusion that only about one per cent. of all these students succeed in obtaining a C. P. A. degree. From this, it may be judged that the education now furnished by the institutions mentioned in the preceding sentence does not seem to stimulate its graduates to any perceptible degree either in the passing of the C. P. A. examinations or even in trying for the same."

At this time it would not be proper to answer the charge contained in the last sentence of this quotation which I believe is absolutely false. The point to particularly note now is that only a small percentage of our students actually enter the public accounting field. There are many reasons why they do not, but I shall have to be content in hoping that this subject will be discussed at a future meeting of our association.

#### THE COURSES.

The problems relating to the courses are most vital. The scope and purpose of the work is to prepare the student for his work as a public accountant or as a business executive.

## STANDARDIZING COURSES IN ACCOUNTING

The name and content of the courses are among the first things to be given consideration. I submit the following as a basis for discussion:

Required of all students:

Elements of Accounting.

Theory of Accounting.

These names should be indicative of the ground covered, but I should like to emphasize that I would include bookkeeping in the elementary course. I believe that for some time to come the university will teach bookkeeping as a part of this course. We should teach it from the up-to-date accounting viewpoint, and not from the bookkeeping viewpoint as revealed in many of the texts. If we teach it properly, bookkeeping logically becomes the integral part of accounting which I have already defined it to be.

After the Elements and the Theory courses come the advanced courses as follows:

Cost Accounting.

Advanced Accounting Problems.

Auditing.

Accounting Systems.

Analysis of Financial Reports.

### SPECIALIZED COURSES.

Governmental Accounting.

Public Utility Accounting.

Investment Accounting.

Fiduciary Accounting.

Foreign Exchange Accounting.

Institutional Accounting.

Our greatest trouble seems to be with the Elements, Theory and Cost Accounting courses.

### **The Elements of Accounting Courses.**

What are the problems of the Elements course? They relate to the students to be admitted, the ground to be covered, the length of the course, hours per week, texts, divisions of time between lecture, recitation and laboratory and credit. The results of the

questionnaire which Professor Treleven sent out furnish evidence as to the great variation existing with regard to the above points, and they will warrant close study.

Obviously the student to be admitted depends upon the basic organization of the College, School or Course. In the day schools, it appears that Elements of Accounting is begun normally in the sophomore year, while in the night schools it is given in the first year.

The Elements course should cover the work in bookkeeping and elementary theory so well that future reference to fundamentals will be unnecessary. It should cover the use of all books of original, final and auxiliary record, the classification of accounts, the subject of operating and financial statements should be treated at length, and in general the students should become acquainted with the mechanics and working tools of the subject of accounting. The hours per week obviously would affect the length of the course, but on the basis of four hours per week I think such a course should run throughout the academic year of thirty-six weeks.

The lack of adequate texts is the present serious handicap in the elementary work. Too many texts now on the market are written without regard to modern accounting practice, and it is necessary to adopt one of two alternatives in teaching the work. The first is to teach it just the way the book gives it, and after the student has mastered the subject of bookkeeping tell him the better and more acceptable methods; the second is to change the text so that it conforms to present practice. This method is confusing to the student. But I feel that we are soon to be relieved of this difficulty. Almost every accounting instructor I know has been, or is, preparing special texts or material to supplement available texts which will make them more satisfactory for university use. Some of the elementary texts are being revised, and I am satisfied that we shall soon have adequate relief in this regard.

Too much attention has been given in the elementary courses to laboratory work and too little to lectures and recitations. This must be corrected if we are to succeed in giving the student a course in elementary accounting worthy of receiving university credit. Let me quote from the Baccalaureate address of Dean Birge of the University of Wisconsin, in June, 1915, for it may be applied directly to the laboratory method of teaching bookkeeping.



"The Commerce course aims not so much to increase the profits of the individual as to intellectualize and so to elevate the pursuit. (Intellectualizing of routine means that the workman shall see, understand and apply rationally the principles which underlie his work and thus escape the deadening effect of mere mechanical repetition.")

The next point relates to the credit which is given for the elementary work. This differs in the various institutions, but I am prepared to defend the statement that a course in elementary accounting, properly given, merits as much university credit as the vast majority of other courses open to the same general class of students.

### **The Theory of Accounting Course.**

Under this title accounting theory should include the theories underlying the use of the different accounts. They should be thoroughly discussed and also illustrated by applying the basic principles to laboratory problems.

This course would normally follow the year's elementary course and should be given for at least a semester, four hours per week. Certainly there is no lack of texts in this field, but if my experience is typical, it is advisable, and I believe beneficial to the students, to supplement the texts by lectures in order to adequately cover the subject. Recitations upon the text, and collateral reading assignments and upon the lectures should prove a decided stimulus toward creating the desire for a thorough knowledge of this important subject. I believe that a smaller amount of laboratory work should be required in this course than in the elementary, and that the individual problem is the best basis for the laboratory course. After trying many combinations, I have finally arranged my own Theory course with regard to time allotment between the types of instruction as follows: Two hours laboratory per week per student, five lectures, two recitations and one written examination during a four-week period, two hours per week. For recitations the class is divided into sections. The Theory course should receive at least two hours credit.

I believe that all Commerce students should be required to take the Elementary and Theory courses. I fail to understand why

courses in the theory of accounts for each of the several mercantile lines should be offered when certainly any course in elementary accounting and theory would include a thorough discussion of the fundamental accounting problems. It is the accounting theory that we ought to teach, since the same general principles are applicable to all lines of business activity.

### **The Cost Accounting Course.**

I do not believe that students should be allowed to enter a Cost Accounting course until they have satisfactorily completed the Theory course. This course should be at least a semester's work, of four hours per week. The great trouble in teaching cost accounting has been to secure adequate laboratory material. Too many of the texts and much of the available laboratory data illustrate but one method of cost accounting and the popular idea seems to be that if the mechanical routine of one system is mastered, the purpose of the course is accomplished. I disagree with this view, for I believe that any course worthy of the name should contain not only a thorough study of all the theoretical points involved but also a knowledge of the various accounting bases of recording data in the system that may be designed. So far this has meant the construction of many problems illustrating certain methods, as well as the use of cost problems given in C. P. A. examinations and adapted to classroom use.

As far as laboratory work in general is concerned I assume you are all familiar with the classification made by Mr. Greeley for the Committee on Education of the American Association of Public Accountants for 1914-1916 inclusive. The classification, given here to amplify what may be included as laboratory work, is as follows:

- I. Solving written or oral problems concerning any principle of accountancy theory or practice.
- II. Making bookkeeping entries to record given facts and preparing reports therefrom.
- III. Analyzing reports prepared by others.
- IV. Designing accounting systems, procedures and forms.
- V. Auditing books of account kept by others and preparing reports thereon."

### Other Courses.

The names of the other courses may be taken as adequately describing their content. In general the courses in Advanced Accounting Problems, Auditing and Accounting Systems are the ones given in the day schools while the others are given in the night schools as a result of the demand for them. I feel that the courses just named are for the most part offered only in those institutions where adequate instruction is available.

These courses or subjects present an opportunity for the greatest co-operation on the part of the members of this association.

Special courses for students of other colleges, such as Engineering and Law, are excluded from consideration at the present time.

The specialized-course group does not seem to demand the same urgent necessity for standardization that we meet in the Elements, Theory, and Cost Accounting courses.

### THE INSTRUCTORS

This is a most important problem for us to consider, for only by having satisfactory instructors may we hope for permanent, satisfactory results.

The great trouble in many of the colleges and even in some universities seems to be that the administrative officials think the general economics instructors are competent to conduct the accounting courses. This is a serious mistake.

As the university administration realizes the importance of the accounting work it will demand adequate instruction in all its branches, but to secure properly trained accounting instructors is a problem which even now confronts the administrative officials.

The next problem relating to instructors is to get a teacher not only theoretically trained, but who has had practical experience as well. If such a man can teach, you possess a combination hard to beat. The trouble at the present time seems to be that those who have had only theoretical training are satisfied, while the practical men drafted in for special courses are apt to question the value of theory. In my judgment the universities should encourage their instructors to do as much practical work as possible for it is bound to enrich their equipment in illustrations, and thus the instructors should be able to apply the principles discussed to practical problems. Furthermore, this will carry the conviction that the instructor speaks

from practical experience, and this wins the confidence of the students.

The next point to which I would call your attention is the uncertain position of the instructor with regards to the Institute of Accountants. Under the ruling of the American Association of Public Accountants an instructor in accounting who was a practicing Certified Public Accountant on his own account and who maintained an office for that purpose before entering the teaching profession was eligible for membership as a fellow in the society. The great majority of the instructors were in another class, since some of them started in teaching and practicing accounting at the same time and others started teaching first and then took up the practice. This great body of instructors, however, was not recognized by the association officials as were the first group just mentioned, and to my mind it was a wholly unjust and unwarranted distinction. The operation of a public office seems to be a poor basis to use as a criterion as to whether or not a man is a public accountant, since I personally know of some public accountants who maintain offices yet they do not have the practice that some of the accounting instructors have. I maintain that the qualified instructor of accounting should be properly recognized by the profession, and given his due place in the professional ranks, for only by a recognition of these facts can the best interests of the practitioner and of the university be served.

I am unable to understand the status in the Institute of Accountants of the qualified instructor who combines teaching and practicing accounting. The Institute consists of members and associates. Subsections 5 and 6 of Section 3 of Article II of the Constitution are as follows:

(5) In the discretion of the board of examiners exercised in each case, not less than three years' experience in teaching accountancy subjects in a school of accountancy recognized by the board of examiners.

(6) In addition to the foregoing qualifications, candidates for associate membership shall submit to examination by the board of examiners, and, upon recommendation of that board, may be elected by the council.

Nothing is said regarding the combination mentioned above,

and it would therefore seem that each case would be considered individually.

I trust this association may appoint a committee to present our views upon this matter to the proper Institute officials.

THE ADJUSTMENT OF THE CREDITS EARNED IN DIFFERENT INSTITUTIONS

This problem will prove comparatively easy after the problems relating to courses have been solved. Its solution will mean justice to the student and to the universities concerned. Two points will have to be recognized in attempting the adjustment of credits: first, undergraduate work; and second, graduate work. In the majority of our universities advanced accounting courses carry graduate credit, and when students go to other institutions for advanced degrees it does not seem just to compel them to repeat the courses in order to satisfy the desire of the administrative officials. Furthermore, the duplication of credit certainly appears unwarranted. If the accounting work given in the majority of the universities were understood by the schools attempting to specialize in graduate work, I believe that the student would not be asked to repeat certain courses. Thus, valuable time would be available for him to use for other purposes.

RECOMMENDATION.

To consider ways and means of solving the problem of standardization, I recommend the appointment of a Committee on Standardization, which should report at the next annual meeting of the Association.

In conclusion, I wish to express the belief that the consideration of the problem of standardization alone warrants an organization such as we have formed. The results of our discussion and study are certain to accrue to the benefit not only of ourselves and of our respective universities, but also of the general business world.

DISCUSSION

By John Bauer, Princeton University.

Professor Elwell's paper on the standardization of accounting courses is exceedingly interesting and suggestive, and I thoroughly

agree with the broad purpose that he presents. Nevertheless, in view of his rather positive program, I may appear a bit conservative, or even reactionary. There is, of course, too much diversity in the teaching of accounting, both as to content of the courses, methods of instruction, equipment of instructors, and other matters mentioned by Professor Elwell. Standardization is desirable, but the question is, to what extent may it be reasonably carried?

Under present conditions, I feel that we are not ready to go very far toward effective standardization. It seems to me that there are two difficulties in the way of an immediate thorough-going program: first, the subject matter of accounting has not had sufficient scientific study, and, second, the conditions and purposes of instruction vary too much from one institution to another. What we are doing just now, it seems to me, is the very best thing to be done; exchange ideas as to principles, discuss methods, and talk over our problems. At present, I should feel suspicious of any very positive program—even if it were throughout of my own manufacture!

As to the first difficulty, who is to determine what points of view and what matter should be included in the standard general course? Do we all agree so nearly that our differences may be neglected and that we can get together on a definite plan without most of us doing considerable violence to our mental processes? This is, of course, a question of fact that cannot be answered with any high degree of certainty. Personally, however, I feel that there are substantial differences, and that if we are too eager to smooth them out by standardization we shall lose more for the science than we gain. We all believe, of course, that accounting is an exceedingly important subject, but I should not hazard far beyond this proposition in asserting any universal harmony.

It is true, we have been and are being criticized severely because of the great diversity in instruction. Some of the criticism, we may admit, is justified. Much, however, is of the sort that a new academic subject is bound to incur. We must, as a professional body, do everything in our power to disarm legitimate criticism. Our subject must be made worthy of university instruction both as to matter and method. But we must not be unduly eager for universal approbation. After all, we are newcomers in a rather conservative and select society. We need not worry. Our students

are working much harder than the average; they seem to consider the subject worth while and that they are obtaining due return for their effort.

The entrance of accounting to university standing dates back very few years. There has not been time for thorough scientific study and extensive standardization. I feel that we need not apologize for our existence; we can afford to take a long-time view in the steps that we take for future improvement.

It may be worth while to observe that ours is not the sole academic subject that suffers pedagogically from the lack of standardization. All the social sciences are fellow sufferers. The courses can hardly be standardized. But this fact is not without some joyful compensation. This perhaps more than anything else makes the social sciences especially interesting and stimulating. Ideas and methods are not so cut and dried but that both instructors and students have really a chance to think for themselves. While there is consequently a lack of definiteness in instruction, to the average student, nevertheless, the work is therefore more vital. The general course in elementary economics, for example, simply cannot be standardized. But, unless the instructor himself is below standard, the course is invariably among the most instructive in the college or university. Students always make indefiniteness a cause of complaint or grievance; nevertheless, they elect the course if they are free to do so, and usually do more than the average amount of work required in other departments.

As a teacher of elementary economics I have often longed devoutly for standardization. How I have chafed at such differences in view as seemed like that between fiddle-de-dee and fiddle-de-dum. The same in accounting. But so long as there are differences that seem vital, attempts at extensive standardization in the end can only interfere with the scientific development of a subject.

The second obstacle to extensive standardization is the variety of conditions and purposes of instruction in the different institutions. Professor Elwell probably had this point in mind when he confined his program to the schools and special courses in commerce and business, excluding from consideration correspondence, agriculture and engineering courses, as well as courses given in connection with economics departments of our colleges and universities and, pre-

sumably, the courses given by the high schools and so-called business colleges. But with this sweeping limitation, the bulk of accounting instruction is excluded from standardization. Certainly not more than five per cent. would be benefitted. Of course this favored section might serve as an ideal for the rest; but the group appears small to one with a democratic bias; five per cent. smacks a bit aristocratic or oligarchic to an economic-accounting taste.

But even limiting the standard courses to resident work in schools and special courses in commerce and business, do we find a sufficient likeness of conditions among the different institutions to justify extensive unification in instruction? Could you reasonably give the same course, for example, in the Harvard Graduate School and in the night courses of New York University? Would you not have to consider the difference in the preparation and purpose of the students to such an extent that substantially different courses would have to be provided? In the one case you would have mature, broadly trained students, preparing for industrial leadership, while in the other you would have men with somewhat haphazard preparation, perhaps more serious but interested primarily in increasing the immediate efficiency of their work, which is mostly clerical. Would you put the two classes through the same course? While to my mind the one kind of instruction is no more important than the other, I should wish to be reasonably free in either case to adapt the course to the class of students that I was teaching.

Other important differences in conditions between schools of commerce and business might be pointed out which would justify special adaptation of the courses in accounting. In one case the students may be preparing for the accounting profession and particularly the C. P. A. examination, while in another they may be preparing simply for business in general. Would you put both classes through the same preliminary training? Would not rigid standardization impair the value of your work?

In conclusion, let me explain once more that I favor standardization so far as it can be reasonably accomplished. I simply wish to point out, which probably everybody realizes, anyway, that the effort must be subject to reason. But I doubt whether there is any substantial difference of opinion in this matter between myself and Professor Elwell or other members of our new association.



## DISCUSSION

By C. C. Huntington, Ohio State University.

In the excellent paper to which we have had the pleasure of listening this evening the need of standardization in the college courses in accounting has been pointed out in a most comprehensive manner. Its problems, too, have been discussed clearly and forcibly, and I should like to give it as my opinion that these problems have not been overstated. In fact I am tempted to add one more to the four outlined in the paper. That is, after you have decided in the case of each of these problems, just what it is, and what ought to be done about it, at once another problem looms up—namely, how are you going to get it accomplished? Even if we can get the accounting instructors in the various schools to agree on the different points, and of this possibility I have some slight doubts, still a strong probability remains that they are not the controlling power within the walls of their own institutions.

All sorts of organizations are found in the schools which give instruction in accountancy. In some institutions it is given in the economics department of a college of liberal arts, which itself may be a subdivision of a university, or it may be given in a department of commerce in an arts college. In other cases separate courses, schools, or colleges are organized. Lack of uniformity is apparent everywhere, even in the names given such schools. For instance, we find Schools of Economics, Schools of Commerce, Schools of Commerce and Finance, or perhaps Finance and Commerce. Other names are: Accounts and Finance; Finance, Commerce and Accounts; or Commerce, Accounts and Finance; Business Administration; Business Administration and Finance; or Commerce and Business Administration. In my own institution the name happens to be Commerce and Journalism. One feature of uniformity, however, stands out in all these names with which I have burdened you. That is that the name Accountancy nowhere appears by itself. This at once suggests the fact that the accounting instructors have associated with them in the school instructors representing other departments, and the latter may, perhaps I should say always do outnumber the accounting instructors in their own college faculty. I need not dwell upon the difficulty then which arises when such a question

comes up for example as that of granting more credit for a present accounting course. This difficulty is increased if the work is given in a college of liberal arts, for there you are sure to find some more or less pugnacious representatives of an ancient idea that such modern innovations as courses in accounting or business in general have no rightful place in an arts college curriculum and ought not to count toward a B.A. degree.

The paper suggests that "failing in this the number of courses might be increased and precisely named." If this, perchance, gets through your college faculty safely, then as likely as not it runs against a snag in some university committee on instruction which happens to notice that these new courses involve additional instruction and consequently a probable addition to the funds appropriated for the department of accounting. This chance looks entirely too dangerous to a committee probably made up chiefly if not wholly of men from other departments, who feel perhaps that there is only a limited amount of money available for all the departments, and that to enlarge the slice given the accounting department might reduce their own already too scanty shares. Then there are the university faculty, and the president and the board of trustees, any one of whom might veto the proposition. Sometimes even a state legislature newly elected to power may view with alarm any further appropriations for a college that doesn't seem directly connected with the state's agricultural activities. The strain might be too great on the state budget. It might even deprive the state of another inspector of the foot and mouth disease. All this difficulty is still further increased when the accounting department tries to secure the services of a practicing certified public accountant to teach the new courses.

The first problem listed in the paper raises the question as to the distinction between bookkeeping and accounting. The writer considers the former to be a part of accounting. It is not likely that all college accounting instructors will agree with him in this conclusion. Perhaps not even all of us here this evening hold this view. For example, one of the best-known schools of commerce in the country describes its accounting course number one as "an introduction to the study of accounting," but states that it is open only to students with training in bookkeeping equivalent to another course in this school entitled, "Bookkeeping—Theory and Practice."

Of the latter the catalogue says: "The chief object of the work in bookkeeping is to train students in general bookkeeping practice in order to prepare them to take Accounting I." That is, students who enter this school without previous training in bookkeeping must take this course in bookkeeping before they can start upon a course called accounting. Apparently they do not consider bookkeeping a part of accounting. Taking as another example of this view a widely used text-book written by an instructor in one of the important schools of business administration, we find it divided into two parts: The Principles of Bookkeeping; and The Principles of Accounting. In the introduction to his book it is stated that there are only "three principles of bookkeeping—the nature of debit and credit, the distinction between real and nominal accounts, and the use of the special column. The art of bookkeeping is to apply these principles in their numerous ramifications." Part II of his book starts with this sentence: "Perhaps the easiest way of stating the difference between bookkeeping and accounting is to say that the purpose of bookkeeping is to show debts, both those due by the owner of a business and those due to him, and the purpose of accounting is to show profits, losses and valuations." It is clear that this author makes a distinction between bookkeeping and accounting.

To give one more example. One of the new texts on the principles of accounting, which appeared this year, after pointing out that in the ledger we have a device by the aid of which a business manager may obtain a comprehensive view of the situation of the business, adds: "The mechanics of operating this device is known as the 'art of bookkeeping'; the act of adapting and regulating it and of interpreting its results is called the 'science of accountancy'." That is, to this author, as to many others, bookkeeping is an art, but accounting is a science. I cite these examples, not to prove that the writer of the paper under discussion is wrong in his classification, but to show that some accounting instructors will not agree with him. In other words, to emphasize his thesis that the standardizing of university courses in accounting is a problem. As a matter of fact I am inclined to agree with him that bookkeeping is an important division of accounting, and has a place in university instruction in accountancy. As Mr. Dickinson has stated it: "Bookkeeping is the essential foundation of accounting, and a thorough

knowledge of its elementary principles and general methods is necessary to the proper understanding of accounting principles." From this it would seem that an elementary course in accounting should either presuppose or include a study of bookkeeping. Considering the number of students without bookkeeping training who are entering our commerce colleges, I should agree with the writer of the paper and include bookkeeping in the elementary course. Our problem is: Will the other instructors agree with us?

I am also inclined to agree with the writer that all students in business administration should be required to take what he includes in the two courses: Elements of Accounting and Theory of Accounting. Neither would I quarrel with his suggestions as to the time devoted to each of these courses. Instead of the latter course, however, I personally should prefer the term, Principles of Accounting. This preference may be due to my own experience in economics, in which study the fundamental course is usually called Principles. The matter of the name is of no great importance as I see it. But again I wish to point out that the problem of standardizing here is also the difficulty in getting uniformity or anything approaching it out of the diverse practice, even a cursory examination of the commerce college catalogues, shows to prevail among these institutions. Personally, I am inclined to think that we should do well not to extend our maiden efforts much beyond the attempt to standardize these two fundamental courses. If we accomplish this much we shall have made a good start. It seems hardly worth while to attempt the impossible, the standardizing of all the factors outlined in the paper within the near future. It is well enough to set forth what ought to be done. That is a matter of *principle*. But when the problem of accomplishing the desired results is tackled, it is well to consider carefully what seems likely to be possible under existing circumstances. This is important in *practice*. Besides, from the point of view of the number of students involved I suspect that these two fundamental courses at present are more important than all the advanced courses put together. However important is the work of training students to become certified public accountants that, as I see it, is not at present our main job. Besides training men for private accounting work with individual partnerships, and corporations, and the public accounting work in cities, states, and state institutions, there remains the far

greater importance of accounting training for the future business men, both urban and rural, the future lawyers and judges, members of city councils and state legislatures, engineers, and I hope some of the economists.

Moreover the standardization difficulties in the case of many of the advanced courses will gradually tend to solve themselves as these courses become more specialized. Particular courses will naturally be offered in each institution adapted to the needs of its own students and that will depend much upon the environment. At least lack of standardization in this respect does not seem to be a matter of very great concern to our organization at this time.

Finally, I might add the suggestion that lack of uniformity in our accounting courses, though largely due to the recent growth of our colleges of this kind and the rapid progress of accounting as a science, is partly a reflection of the fact that accountancy is in the very nature of the case not an exact science. Its terminology is by no means settled, and, as to many of its principles there is still much difference of opinion, good authorities being found on both sides of many of its disputed questions. Perhaps we can do something towards solving these problems. At least until they are solved we are bound to find much lack of standardization in our college courses in accounting.

#### DISCUSSION

By Earl A. Saliers, Yale University (Sheffield Scientific School)

With most of the contentions of Professor Elwell, I am essentially in agreement. It seems to me, however, that he fails to take into consideration possible differences which ought to exist in courses in accounting and which cannot be leveled by any process of standardization. We have today in this country an anomalous condition in what I may call the accountancy situation. The older professions such as law, medicine and engineering are taught in strictly professional schools, and very few persons take courses in these schools who do not have a very definite expectation of entering one of these professions as practitioners. In accounting the situation is quite otherwise, and I do not believe it can be said that as yet there is any definite boundary line between professional and non-professional training. Moreover, the organization of the

schools or colleges offering courses in accounting follows no definitely ascertainable plan. In some instances the courses are given as regular undergraduate work with credit toward the bachelor's degree, in other instances they are given as a part of a graduate course offering a general training in business and perhaps leading to the master's or doctor's degree, while in yet other instances they are given by correspondence and evening schools.

So far as I can ascertain these various plans of giving instruction in accounting are conflicting in both method and purpose. The demand for business training has compelled our colleges and universities to introduce business courses without any very definite understanding of either their content or purpose, while at the same time, I regret to say, some schools of business have been established for purposes of commercial exploitation. Personally, I believe that when the prospect of gain is uppermost in the minds of those who promote commercial education, the prime incentive to thorough and painstaking instruction, such as must be the keystone in the strong arch of professionalism is lost. This is not a condemnation of correspondence schools nor a recommendation of those that depend upon endowments; it is a fundamental principle of good workmanship.

In our consideration of the standardization of accounting courses we must remember that our situation is peculiar in one respect at least—we are required to train the professional and the non-professional without any as yet ascertainable difference in the method of training. This is a most unfortunate situation and as long as we continue in it so long will the present incomprehensible situation exist of having departments of business administration whose objects and courses are equally haphazard and indefinite. We have been led into this unfortunate situation because there is a wider demand for non-professional training in accounting than there is for professional training.

To expand upon this topic, our students may be divided into two classes, namely (a) those who expect to become professional public accountants and (b) those who do not expect to enter the profession of public accountancy, but who nevertheless desire a knowledge of the principles and practice of accounting as an aid in their chosen profession or business. Among this latter class especially may be mentioned students who look forward to a life

vocation in one of the many administrative fields and even those who intend to follow out technical lines of work, while beyond these are the rank and file, who, being a kind of fourth estate, require general enlightenment.

The first division of students, that is, those seeking to become professional accountants, is a continually increasing number, but one which, nevertheless, is pretty strictly limited by the demand for such services as they can perform. Roughly I believe there are today in the neighborhood of 3,000 public accountants in the United States. That number should enjoy a gradual increase with the increasing appreciation on the part of business men of the value of professional service. Nevertheless, in spite of the expected great growth within the folds of the profession, and in spite of the need of such a development, it will still remain true that the greater number, perhaps the increasingly greater number of our students will be those who desire an adequate knowledge of the science as an aid to greater efficiency in some field of work other than professional accounting.

There appear to be two possible ways of meeting the requirements of these two classes of students, namely, (a) the establishment of professional schools for the exclusive purpose of training the professional, leaving to the colleges and universities the work of teaching accounting as a larger or smaller part of a general business training, or (b) leaving the division of the field between these two classes of schools more or less indefinite, possibly with overlapping functions, and meeting the requirements of the two classes of students by such differentiation in the content, intensity and duration of courses as may seem desirable. I do not presume to say which might be the more desirable method. From the present status of affairs I infer that there is not going to be any very clear-cut distinction between professional and non-professional schools, at any rate not for some time to come. Those schools which lay particular emphasis on their professional training in nearly all cases desire to leaven their loaf with students seeking a general business training, while those departments or colleges which pride themselves on their course in business administration live in the hope that amongst their learned and distinguished alumni there may be at least a few C.P.A.'s.

It is difficult to see how a profession can be a real profession

and maintain professional standards at all comparable to those of other professions without professional schools. Moreover, the teachers in such professional schools should receive salaries adequate to their needs, so that if they engage in practice the returns therefrom should be paid into the general funds of the school. This is the condition upon which men are now engaged as full time professors in medical schools, and while it does not discourage practice—which is altogether to be desired—it does insure the school against the imposition of those who would use it as a sounding board and subsidiary source of income while making their practical work their chief instead of their secondary interest.

I realize that these are standards which are not attainable as yet. Meanwhile we must work with the material at hand. I believe that the suggestions of Prof. Elwell regarding the essential contents of the elementary course in accounting are to be approved almost without exception. He thinks that too much time is spent on laboratory work. This may be true in some instances, but I value laboratory work very highly for beginners. If laboratory work is done under adequate supervision and accompanied by the amount of explanation and discussion that is needed it is perhaps the best means of sustaining the interest and enlivening the understanding of the student. If on the other hand it is given over to inexperienced or careless instructors it is largely a useless formality. Probably the greatest danger is that we may get into the habit of routine mechanical operations—a tendency which an efficient teacher can avoid by a sufficient variation in the exercises, and by making the transition from topic to topic with due rapidity.

I question whether Prof. Elwell's subdivision of the fundamental courses into Elements and Theory is very logical. I do not think that he has very clearly distinguished between the subject-matter of these courses, except that bookkeeping forms a principal part of the Elements course. Prof. Elwell says that under the title of Theory should be included "the theories underlying the use of the different accounts." It is not altogether clear to me how the first year's work can be gotten over without more attention being given to the use of the different accounts, nor do I see how their uses can be divorced from the theory that underlies them. I question whether the division on the basis of elements and theory is as good as that made on the basis of elementary and advanced



principles of accounting. The former classification is apt to lead the beginner to the conclusion that the theory of accounts is a distinct and separate study, which is by no means true. By the theory of accounts we mean merely the broad significance of their application and I believe that this broad understanding of the application of the principles of accounting should begin as early as possible in the first year's work, being co-ordinated largely with the actual laboratory work in bookkeeping. Otherwise it is apt to degenerate into a reconsideration of the first year's work and lack the systematic development that should characterize all courses. There is a large enough field in accounting to make possible the development of two years' work accompanied by actual laboratory practice, and supplemented throughout by those considerations and generalized applications which we call theory.

I will not comment further upon the classification presented by Prof. Elwell. I think the matter deserves the careful and mature consideration of a committee that will be sufficiently representative to recognize the various conditions that affect the presentation of accounting courses in the different colleges and universities.

In concluding, I might suggest that accountancy offers a field for research, as yet largely unexplored, which will in future attract the attention of those teachers who appreciate the vitalizing results of that kind of work. Such work, faithfully pursued, will aid in the standardization of our ideals as well as our courses.