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Book Reviews

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Book Reviews

BOOKKEEPING AND COST ACCOUNTING FOR FACTORIES, by
WILLIAM KENT. *John Wiley & Sons*, New York.

A book $8\frac{3}{8} \times 10\frac{3}{4}$ is always ungainly. Such might be the reaction to the book under consideration at first glance. A perusal of the preface might give one a second disagreeable reaction. "The time has arrived," says the author, "when there is a need for a systematic treatise on cost accounting which will start the student at the beginning with the elementary principles of double-entry bookkeeping and lead him through factory accounting to cost accounting, giving him not only the fundamental theory in accordance with the views of the ablest modern accountants, but also warning him against the time-worn fallacies of the older school. Such a treatise the author has undertaken to prepare." This duty apparently has made itself felt because "some accountants . . . are still perpetuating traditional errors. Some of them are still insisting that interest on investment forms no part of factory cost; that business and selling expense are part of cost; and that a profit cannot arise until a thing is sold."

The first chapter contradicts the claim for modern methods. Such obsolete terms as "to mdse." and "by cash" are advocated. The specimen cashbook exhibited is of ancient design. The statement is made that the "entry 'by balance. . . .' on the Cr. side is usually made in red ink." Further, the student who wishes to learn more of the details of bookkeeping than are given in the above highly condensed treatment is advised to purchase two or three old books on the subject at a second-hand book store and get the views of different authors on the fundamental theory, then for a great variety of detailed instruction and forms, with much good advice, to get a recent edition of J. H. Goodwin's *Improved Bookkeeping and Business Manual*.

One finds little in the first fourteen chapters of the book which is not in other books. The material is presented without apparent regard for logical order or sequence of thought. It might almost be said that this much of the book offers no excuse for its existence.

Chapters XV to XX are welcome additions to the literature of cost accounting. They present such subjects as "Modern accounting systems for steel works," "Foundry costs," "Hardware factory and machine shop accounting," "Costs in a woodworking shop; a bakery; a textile mill, a power plant," "Costs in a printing shop." These chapters are made especially useful through the complete and excellent assortment of forms which accompanies them.

The return to the form exhibited in the early chapters is apparent in the last chapter, the composition of which is as follows: "Reports to stockholders; education of accountants; cost of idleness; miscellaneous forms; bibliography."

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Posterity might have struggled on successfully had about three-fourths of this book remained unwritten. The remaining fourth should serve a useful purpose and be much appreciated. This may compensate the author for the vast amount of work he must have put into the preparation of the book.

JOHN RAYMOND WILDMAN.

CREATING CAPITAL, by FREDERICK L. LIPPMAN. *Houghton, Mifflin Co.*, Boston and New York. 75c. net.

In a handy pocket edition comes a little essay on business ethics by Frederick L. Lippman which has been delivered as the second of the Barbara Weinstock lectures on the morals of trade at the university of California. Mr. Lippman treats the subject from a practical business point of view. Money-making has ceased to be the sordid occupation of the old philosophic view. It is a means of creating capital, and only by creating capital can man advance in civilization. Capital is used in a broad sense, meaning not so much the economic fund from which profits are made as the sum total of all established comforts and necessities we find about us. All the great works of art, monuments, buildings, etc., are so much capital handed down to us from the past, and it is man's duty to continue creating capital for those who come after us. Every advance in civilization, from a material point of view, means more wants to be satisfied—hence more business and more creating of capital by the process of making and saving money. There is no end to the process seemingly, for it is about as certain as anything can be in this uncertain world that when man ceases to save something for the future, i. e., create more capital, all progress will stop and retrogression will set in. This principle made clear, Mr. Lippman describes in a general way the steady growth in business ethics and morals in this country. While he does not ignore the increasing altruistic tendency of the age, he shrewdly points out that it pays. Better work, larger output and greater gains usually follow better conditions.

W. H. L.

HIGHER EDUCATION AND BUSINESS STANDARDS, by WILLARD EUGENE HOTCHKISS. *Houghton, Mifflin Co.*, Boston and New York. \$1 net.

Another of the Barbara Weinstock lectures is by the director of business education at the university of Minnesota, Willard Eugene Hotchkiss. It covers the same subject as the one by Mr. Lippman, but naturally treats it from the view-point of the educator. By long and patient evolution the business world has attained a certain standard of ethics and morals and it is now the turn of the university to set up even higher standards and train young men to support them. Not only scientific efficiency should be sought, but the psychology of human relations should

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be studied. Business, so regarded, becomes a profession in itself, a fact which universities are generally recognizing and providing for. The universities are not to attempt the work of the shop or office, i. e., to train young men in the minutæ of business practice, but are to train them to take broad and comprehensive views of business in its relations to public welfare. Business is not, or should not be, a matter of making gains for oneself, but a training in service to the public for which, of course, commensurate rewards are to be expected.

Comparing the two essays the reviewer is struck with the curiously opposing principles underlying them. In Mr. Lippman's essay we have the enlightened selfishness theory of Herbert Spencer as the moving force. In Mr. Hotchkiss', altruism seems to be the force and the goal. Each recognizes the opposing element of the other to some extent, to be sure. It would be difficult to quote chapter and verse to verify the position of either, but such is the general impression left upon the mind of the reviewer. While such an impression is not a matter of any particular importance, it will serve to epitomize in a way the profound questions which the business world will have to solve after this war. The political questions of autocracy and democracy are not the only ones fighting for the mastery—economic and industrial problems must also be solved. And the latter, since the debacle in Russia, appear to be of a three-fold nature. To be explicit, in Germany we have the efficient militarism which extends to every department of political and industrial life; in England, France and America, we have the enlightened selfishness under self-limited governments which have made each great in its own way industrially; and in Russia of today we see the result of altruism carried to the *n*th degree under a "government" of the *demos* pure and simple, in a word, Bolshevism. For a "discredited philosopher" Herbert Spencer seems to have been remarkably prophetic, for it is forty odd years since he outlined the course evolution would be likely to take where society was based on militaristic, communistic (i. e., altruistic), and "enlightened selfishness" principles, respectively. Far be it from us to attribute Bolshevism principles to Mr. Hotchkiss, but it cannot be denied that Bolshevism is merely altruism carried to its extreme logical conclusion.

What changes in industrial America the war will bring about no man can predict with any confidence. The ideas in these two essays are well worth careful study by any man who hopes to take an active part in the reconstruction of the business world, for if we are to make a new start we will need not only the courage of our convictions but sound reasons for them. Democracy as we know it in America will never be in greater peril than when peace comes and the industrial world struggles to get back to a normal basis. Against the flood of fads and isms of all kinds that will threaten us then only clear thinking and steady heads will avail. Such essays as these are a help, and the university of California deserves thanks for making them accessible to the general public.

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REMINISCENCES, by GERARD VAN DE LINDE, F.C.A. *Gee & Co.*, London. Twelve shillings and sixpence net.

When a man attains the ripe age of 78 and is evidently in full possession of all his faculties, including a good memory, it goes without saying that his reminiscences usually make good reading. That it is not necessary that one should have been prominent in state affairs to make his recollections of a long and busy life interesting is proved by the amusing book written by our English confrere, Gerard van de Linde, F.C.A. The title is well chosen, for the book is not an autobiography as we usually understand the term, and there is little of the shop in it. Mainly it is a running, discursive account of many trips about the British Isles, the continent, India and one to Cuba, telling of people the author met, the experiences he encountered, and his observations on manners and customs in general. It is a book for the leisure hour, just as one would enjoy a chat with a traveled friend over an after-dinner cigar.

Mr. van de Linde is already well-known in English accounting circles for a number of professional books he has published, but his latest (we hope not his last) book was written as a labor of love (to quote his own words), the proceeds of it being devoted to the Chartered Accountants' Benevolent Association. Therefore every buyer of a copy in America will be aiding a worthy charity among our English brethren, a charity which is undoubtedly having pretty rough sledding these days.

W. H. L.

Sully, Hood and Strong announce the dissolution of partnership. James O. Sully will continue his accounting practice at 705-7 Merchants National Bank building, San Francisco. Walter Hood and Addison G. Strong will continue their accounting practice under the firm name of Hood & Strong at 1312-17 Merchants National Bank building, San Francisco.

Mortimer A. Davis, Earl G. Teeter, and Clarence A. Niquette, announce the consolidation of their accounting practices under the firm name of Davis, Teeter & Niquette, with offices at 333 South Dearborn street, Chicago.

Charles Neville & Company, Savannah, Georgia, announce that the name of the firm has been changed to Neville, McIver, Barnes & Co., the offices remaining as before.

Arthur E. Andersen & Company announce that C. M. DeLany has withdrawn from the firm of Andersen, DeLany & Company and that the firm will continue as Arthur E. Andersen & Company.

C. A. Johnston and F. O. Straight announce the removal of their offices to L. C. Smith building, Seattle, Washington.

Hollis, Tilton & Porte announce the removal of their offices to suite 1364-1368, Penobscot building, Detroit, Michigan.