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Some Educational Bearings of Accounting

BY ELMER E. BROWN, PH.D.

United States Commissioner of Education

In the first place, let me speak of this subject in its more elementary aspects. Bookkeeping has long had a place with other commercial subjects in the courses of study of our high schools. It has been in fact, with good reason, the central subject of the commercial group, and in many instances the only commercial subject offered in a high school course. I find, indeed, that this subject was given a place in the course of study from a very early period in the history of public high schools. The Massachusetts law of 1826 provided that every town having five hundred families should provide a master to give instruction in several subjects of the high school grade, the first of those mentioned being the history of the United States and bookkeeping. The so-called High School for Boys in the city of New York, a private institution, not to be confused with the public high schools of a later date, provided instruction in this subject. The first report of this school, issued in 1826, made the following significant declaration:

“It should never be forgotten, that the grand object of this institution is to prepare the boys for such advancement, and such pursuits in life, as they are destined to after leaving it. All who enter the school do not intend to remain for the same period of time—and many who leave it expect to enter immediately upon the active business of life. It is very plain that these circumstances must require corresponding classifications of scholars and of studies.”

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It then goes on to mention certain studies which are common to all of the students, bookkeeping being one of that number.

The fact is not to be blinked that much of this earlier instruction was unsatisfactory, and there remains at this present time dissatisfaction with its character and results. Where a separate commercial course has been established, as an after-thought and one calling for only incidental consideration, inadequate provision has often been made for such a course, and it has become a refuge of incompetent and lazy students who have found the ordinary studies of a general high school course too severe for their tastes or abilities.

The business colleges have in many instances done better, in that they have thrown some of their best strength into their instruction in this subject, and have made provision in many ways for practical illustration of its processes and functions. It must be admitted, however, that where mere routine bookkeeping has been stressed as the central and typical subject of a course of commercial instruction, the result has been generally to prepare students to become mere clerks, recorders of the transactions of other men, rather than masters of a business or independent contributors to the advance of business methods.

No one whose attention was fixed upon these more elementary developments of accounting as they have appeared in the schools, could have anticipated the great advance which this subject in its larger and more scientific aspects has made within the past generation. There is no need that I remind you of that advance, when it is an advance with which the members of this Association are more intimately acquainted than I could possibly be, and to which they have themselves in many instances been large contributors.

It is easy to see, however, how this new order of accounting is reflected in the secondary and higher education of the present time. We have, indeed, entered upon a period when, generally speaking, the subject of commercial relations and processes has been brought within the circle of university studies and made a participant in the highest forms of instruction and research, with which our higher institutions of learning are concerned.

We have seen the building up of college and university departments of commercial science, beginning with the Wharton School of Finance at the University of Pennsylvania. We have seen the

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parallel development of the city high schools of commerce, though even now there are only ten or a dozen such schools in existence, and the strengthening of commercial departments in public high schools and private schools of secondary grade all over the country.

I am confident that this passage in our academic history is only in its beginnings as yet, and that its developments in the near future will altogether overshadow everything that has been done in this direction hitherto.

Take for an illustration the new course in railway administration which has recently been organized in the University of Michigan. This course is under the general direction of Professor Henry Carter Adams who, in his capacity as the chief officer in charge of statistics and accounts of the Interstate Commerce Commission, has done so much to unify and improve the accounting systems of our leading railway corporations. Railway accounting, to be sure, is but a minor part of the work in this new university course of instruction, but it is intimately related to every other subject of the course. The outlook of such an undertaking is inspiring. One may safely expect for it a career of large and rapidly enlarging usefulness.

You would be able to criticize and improve upon any statement of the function of accounting which I, as a mere layman and outsider, might offer. Yet it may not be amiss for me to say at this point how your subject appears to such an outsider, who has use for the results of competent work in your field but is not himself an expert in the processes by which those results are obtained.

I look upon modern accounting as a system by which a business is analyzed, its different parts are weighed and measured, their relations one to another, at least their quantitative relations, are ascertained with precision, useful comparisons are instituted, the centers of waste and weakness are laid bare, and the way is made plain for continuous improvement. Now it is clear that such accounting as this involves the mastery of endless details, but it involves also the subordination of details to general principles, and the reference of all measurements and comparisons to a conception of the ultimate purposes toward which the given business is to be directed, and the whole sweep of policy and method by which the ends proposed are to be attained. Here is

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a field for the exercise of a high grade of scientific insight and imagination. The subject is accordingly one suitable for a place among the courses of our universities. It has much to gain from association with other university subjects, and there is also much which it can give in such association.

Such university study of the subject, however, in order to yield its full value, should eventuate in professional expertness—in the ability to apply the general principles to the wide range of particulars to which they are related. The kind of expertness which is attained by the trained public accountant is a professional output which would be a credit and an honor to any university. One of the extraordinarily interesting developments of modern business administration is the appearance of firms of specialists in the large subject of business methods. It is a noteworthy fact that the expertness which is represented in business houses of this type was not, generally speaking, gained from studies in a professional department of a university, but by more circuitous courses of training and apprenticeship. With the modern tendency of our universities to spread over the wider fields of human interest and occupation, I look forward to a time when such expertness and specialism will be the object of regular courses of university instruction.

I might go further and say that our universities, which are now chiefly concerned with science, that is, with the ascertainment and transmission of knowledge of things as they are, will eventually widen their scope to include the field of invention, whether in the fine arts or in the arts of utility. Such specialism in business methods as that to which I have referred is concerned not only with informing itself concerning improvements which *have been* made, but also with promoting the large initiative which takes the lead in improvements which are to be made. So university instruction in the central subject of accounting may be expected eventually to prepare not only the practical routine accountant but the man who employs accounting as one of his instruments in the projecting of new and better things in the field of commercial activity.

Thus far the relationship of accounting to education, of which I have spoken, is that which looks to accounting as a subject of scholastic instruction and research. Before I close, there is another relationship of which I should like to say a word, that

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is, the relationship in which accounting has a direct service to render to the improvement of educational systems.

The office with which I have to do is largely concerned with educational statistics. We look upon the statistical presentation of any educational subject simply as a way of setting forth more precise information concerning that subject than is otherwise attainable. Such exact information is needed by the public at large and by the teaching profession in order that they may have secure grounds on which to base their efforts for the improvement of the schools. In this point of view our statistical tables are intended to be direct contribution to the improvement of educational systems. But it is clear that accurate and useful statistics can be prepared only on the basis of careful and systematic records of the facts reported. In one form or another good statistics are dependent upon good accounting.

It is an extremely difficult matter to secure over so large an area as that of the United States such a degree of uniformity in the recording of educational facts that really useful and reliable statistical tables can be produced, and the use comparisons which such tables are intended to facilitate can be safely made. It was accordingly, a most gratifying thing to the Federal Education Office that the chief accountants of the school systems of a number of our leading cities undertook, a few months ago, to form an association for the purpose of cultivating this important field. A distinguished group of these officers honored us by meeting at the Bureau of Education and there forming such an organization. I look forward with great confidence to the results which this National Association of School Accounting Officers can accomplish. I am hopeful that their progress will be secure, that within the next year or two we may be able to see a substantial improvement in the educational reports of our great school systems all over the land. The Federal Census Office, with its tradition of wide cooperation, is lending its assistance to this movement. An important committee of the Department of Superintendence of the National Education Association is working to the same end. The Bureau of Education, to which the reports affected by such movement eventually flow, is using its best endeavors to serve as a convenient and helpful coordinating center for this whole undertaking.

I desire at this point to express my warm appreciation of

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the assistance rendered by members of this Association along with others interested in our public schools, in this general endeavor to make our reports of American education more accurate, more informing, and more conducive to the advance of educational improvement.

Discussion

BY W. R. GRAY, B.L., M.C.S.,

Assistant Professor of Accounting in the Amos Tuck School of Administration and Finance

You may well wonder, perhaps, that one coming from one of the ancient colleges of New England, situated in one of the hill towns of New Hampshire, should even know what an accountant is, but the fact remains that we are becoming acquainted with accountants more and more, and the fact remains also that for ten years we have maintained a school,—a graduate school,—of administration and finance, which has given serious attention to the training of young men, graduates of college, for their future careers in business. Within the past few years we have given further and more intensive effort to the training of a few young men for the practice of accountancy.

I might say that our purpose in branching off from the lines of general business, and including also in our curriculum special training for accountancy, was the result of certain influences at work. In the first place, we found that the demands of business men,—and from our own information the demands of the business conditions of this country in general,—called emphatically for the performance of such services as the members of the American Association perform. We found, moreover, that many of the young men we had in our classes were demanding special training for a business profession which is commanding more and more a dignified position in common with the other professions.

There is another aspect of accounting and accountancy which led us further into the fields of accounting education, and that is the aspect of accounting which seems to make it one of the social sciences. We believe that accounting and accountancy is being recognized more and more as a social science, and our line

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of reasoning is somewhat like this: that there is commonly accepted nowadays to be no more promising method by which commercial and financial and industrial affairs in general shall be regulated than through the element of publicity. It follows that where publicity is attempted, and where publicity is made effective, such publicity must be based upon accurate data, that data must be clearly presented and compiled, and there must be somebody to whom the public may look for the confirmation of the accuracy of data. I need not draw your attention to the fact,—the self-evident fact,—that the one body of men upon whom this confirmation,—the responsibility for this confirmation of data regarding publicity and corroboration of matter rests,—are the public accountants, and especially the certified public accountants.

It is these influences, which I have just cited, which have inspired us to enter this field.

Now, we have certain rather definite conceptions of what the future of accounting and accounting education must be. We believe that accountancy as a profession is becoming recognized as a profession that will eventually demand a training which equals the training that is accorded to men entering the professions of law, engineering and medicine,—these professions to-day demand in their highest form a preliminary liberal education, on the theory that you must train your man before you train your expert. We believe also, in order to effect the highest form of education, that attention must be directed most seriously from now on, as it has been within comparatively a few years, to the development of the science of accounting.

I think that perhaps you will agree with me in my statement that we have only scratched upon the surface of the science of accounting, that, as Dr. Brown's paper has intimated, the field for the development of accounting methods, and the development of accounting law and principles, is hardly in more than its infancy.

In addition to developing the science of accounting, I think it is evident to all of us, whether we are engaged exclusively in the matters of education or only partially, that one of the great factors upon which the success of future accounting education depends is the participation, by public accountants, in that progress; that participation may take usually two forms, either as contribu-

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tors to the science of accounting, or as participants in the actual process of teaching. Those of us who attempt to teach accounting now have ample evidence of the part that accountants have taken in building up the science of the subject,—practically all the data that we have to work with have been the result of your work and observation. We have to thank you also for participation, and your aid to us, in the actual process of teaching. It is along this line that I believe your services are especially needed, and along this line will be where we shall make further demands on you in the future.

I wish to urge on you especially, if the opportunity comes to you to assist in institutions in the teaching of accountancy, that you take advantage of the opportunity, not only for the sake of the school, but for your own sake. Those of you who have never tasted the sweets of teaching will realize, after the experience, that the profession of accountancy offers great possibilities, other than in the practice of accountancy, and the more you become involved in the art of teaching young men the principles and methods which govern in your profession, the greater will you feel the reward of your profession to be.

I wish to thank the President and the Association for my invitation to be present at your Convention, and I know that I shall derive great pleasure and benefit from it. (Applause.)

Discussion

BY JOSEPH FRENCH JOHNSON, D.C.S.,

*Dean of The New York University School of Commerce,
Accounts and Finance.*

Some of you will recall that this subject was discussed at St. Paul three years ago, and that three or four members of the teaching profession prophesied that accounting was destined to become more and more important in the educational world. I am glad to say that we do not have to appear here now in the role of prophets; we are able to talk, rather, about what has been done for accounting by the schools and the universities. I am not going to undertake to tell you that in detail, for it would be too long a story. Most of you know that many universities in the

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United States are now teaching, or trying to teach, accountancy. One of the reasons why I can only say that the universities are "trying to teach" accounting, is that few men are trained to be teachers. Teaching is a profession or an art like yours, a difficult one to learn, and universities have found it an almost impossible task in these past ten years to find men who can teach accounting. Those who knew it couldn't teach, and those who could teach didn't know it, (laughter)—I have done a lot of the teaching myself. (laughter and applause).

When I was a boy I had the choice, in preparing for College, between the classical course and the scientific course. There was another course that was put in for girls—and some of the fellows took it, too—it was the "literary course," and was considered easy. Every young fellow who had any brains took the classical course, and the fellows who weren't quite sure of being able to get through, but had some taste for knowledge, were shoved into the scientific course, where they had fourteen weeks in mathematics, fourteen weeks in chemistry, fourteen weeks in physiology, and so on. The very weak ones, the poetical and the dreamy, took the literary course. Those who were in the classical course looked with scorn on the other two courses. In College we found the same division of studies; the scientific course was not for the intellectuals, nor was the literary course.

Now it is all changed. The sciences have won a sure position in the university curriculum, and no student needs to apologize because of his interest in chemistry or physics. Twenty years ago no one in the educational world knew anything about accounting. Bookkeeping was apparently something which would never knock at a University door. At the present time accounting as a university and college subject stands about where the physical sciences stood twenty-five years ago. In other words, you still have to apologize for it a little, for our colleagues in other departments of the university are inclined to think we are not teaching a real science. Accounting stands where the natural sciences did in education a quarter of a century ago. It still has its place to make, its prestige to win. This it will do, for it is founded on a science, just as are law and medicine, and the other intellectual callings of men.

It is a science to which the educational world has not yet given enough attention. The fact that the accounting profession

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in the United States has been the first of the business callings to demand that it be viewed not as a mere business, but also as a profession, is something which, I think, will go down in history to the honor and credit of the practicing accountants of the United States in the years 1900 to 1910. (Applause).

Discussion

BY J. B. GEIJSBEEK, LL.B., M.C.S., C.P.A.

*Dean of the School of Commerce, Accounts and Finance of the
University of Denver*

I was exceedingly sorry that I could not hear the discussion on Dr. Brown's paper. Unfortunately, I was placed by the President on the Credential Committee which was holding a session while this paper was being discussed. I therefore do not know what has preceded me, and I am at a disadvantage, but inasmuch as you insist upon hearing from me, I will give you a brief history of how the Denver School came to be established, and that will give you an idea of conditions there, and what we have there to-day.

A few years ago the C. P. A. law was passed in the State of Colorado, and naturally Denver,—the Paris of America, according to the *New York Herald*,—inasmuch as it has established itself as the center of population in Colorado, (which for that matter it always has been) became the headquarters for the Board and all its members lived in Denver. I happened, unfortunately, to be the Secretary of this Board, and when the first candidates for examination came up, the result was disgusting. Very few of the candidates who applied showed any preliminary study,—there was no application or preparation,—only two showed any study whatever,—and afterwards it appeared that the Board had judged rightly, because we heard from three parties that not one of them had given more than a few days time to preparation for the examination.

I then told the other members of the Board, that it was important to provide for the education of the young men, for otherwise we could not insist on a high standard in our questions and examinations. Naturally, when the question arose as to the

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establishing of an educational institution no one desired to put the bell around the cat, so, after some delay I finally consented to be appointed chairman of a committee to investigate the matter after I had insisted that the work should go on and it should be accomplished. The committee's report, of course, was favorable and from it it was judged that it was a good thing to start a school—and as some have told me since, just to humor Geijsbeek and to let him ride his hobby.

The Committee was made permanent and I remained as Chairman of the permanent Committee. This resulted in the organization of the school and its faculty, and I was elected its Dean, to my great sorrow.

I have worked hard on the thing, and as I am, like my friend Mr. Wilkinson, a good stubborn Irishman, therefore I went at it with a sledge hammer, and we have made a success so far. At the time of organization I was not able to devote much time and attention to it, as at that time I had a nervous breakdown, and had to leave for Europe. On my return I learned, to my surprise, that some of my associates had practically stolen the entire contents of the New York School catalogue. After investigation I thought it was a good scheme, for they had had a number of years of practical experience behind them; besides Dean Johnson had permitted it. So we have patterned our school after the New York School.

The question of financing the school came up, but it was impossible to raise money; so I gathered around me a few faithful men and told them what I was standing for, and what our school should be. They agreed with me that they were entirely willing for three years to give their time and attention, if necessary, free of charge. The result was that I had a faculty that didn't cost anything, and as a consequence we did not have to guarantee any amount like our famed accountants in Chicago.

After a year of struggle, with the much appreciated aid of Dean Johnson, who gave us a line on text books and notes about the work that was to be done, we had a satisfactory class of about twelve. The class advertised the school; we sent out a thousand catalogues. When they had made the rounds we had a second class of twelve and to-day, with a population which equals the State of Kentucky, or two hundred and fifteen thousand inhabitants in the City of Denver, we have fifty students,—which

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compared with the New York and other schools, I believe, is very favorable.

The faculty is gradually increasing. Nothing succeeds like success. The first year I had exceedingly great difficulty in obtaining the co-operation of the certified public accountants, but to-day, out of the seventeen professors connected with our school, we have eight who practice public accountancy, and with whom I am well pleased and satisfied. They have all done excellent work, and the school has made excellent progress, and seems to be in a very flourishing condition. In regard to the curriculum, I wish to state that I found out that special courses are a financial burden to any University; therefore I promptly ruled them out. We decided that there were two things to be considered as a means to success: not only the financial part but the advertising that the students would give us if they left the school satisfied. I had just gone a few years ago through the law course of a University and therefore I knew that special students never are a recommendation to educational institutions. They most always leave dissatisfied. We wanted them to stay and see it through and then judge of our work; therefore all the lectures we give are obligatory, there are no elective courses and students must take the entire course, which consists of 32 subjects and covers a period of three years.

We have our lectures from 5:40 to 7:40 in the evening. We first had them later in the evening, but we found out that that interfered with climatic conditions and social affairs and the wives objected. All our students, with the exception of four are married men and range in age from 27 to 57 years. We have all the subjects the New York University gives with the exception of Real Estate, Advertising and Insurance. We had no call for insurance because we have but two Home Insurance Companies. However, recently the Northwestern University has instituted a course in Insurance and we have been called upon by our University authorities to insert in our catalogue this branch of the curriculum and we will provide for it next year if we can find an instructor. Advertising and Real Estate we don't need, on account of local conditions.

We have Banking and Railroad Transportation, Accounting, Practical and Theoretical, Law and Economics. I am a great believer in the advantage of a knowledge of law to the account-

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ant; I believe that no accountant can do his work properly unless he is at least three-quarters of a lawyer.

As to the financial outcome we charge eighty dollars cash or ninety dollars on time (laughter), and therefore we have had some revenue. Our expenses are heavy and a great deal of the resources of the school went toward the establishment of the Accountancy Library—and we believe that we have many of the libraries beat even if we are only two years old.

The Professors divide up the proceeds after all expenses have been paid (laughter)—and the amount has gradually increased which has been a great stimulant! (more laughter). I have no doubt whatever, that if I would ask someone to aid us that I could get the proper assistance, for as I have said before, nothing succeeds like success.

The students are well pleased and are well satisfied and are walking advertisements. We have no complaint to make about aid from the practicing Public Accountants; they have stood by me loyally and without these men I would have accomplished nothing.

I have given you a resume of what we have accomplished in Denver in the hope that it may stimulate other cities to do the same thing. (Applause.)

Discussion

BY H. T. WESTERMANN, C.P.A.

Lecturer on Advanced Accounting in the St. Louis City College of Law and Finance

. In Saint Louis there is a school offering a course in accountancy, The City College of Law and Finance, organized about two years ago along the lines of the Wharton School. The Missouri Society undertook to provide instruction in the course in accountancy, but found it a difficult task. In the first place there was no one member who could give to the work the time it really demanded. In the second place, being unaware that an outlined course was available, we attempted to prepare one, but it proved to be unscientific and in consequence not wholly satisfactory. In the third place, the uneven preparation of students was a great handicap.

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This year these difficulties have in a large measure been done away with by the introduction of the course in accountancy prepared by Pace and Pace. This course being scientific meets the needs of the student whose preliminary education is limited and who has not formed habits of study. It is our good fortune to have in Saint Louis this year several men who are graduates of the Pace School in New York. They are lending valuable assistance in teaching the elementary course.

The work is being received with enthusiasm by the students and applications and inquiries are being received not only from Kansas City and other parts of the State, but from all parts of the southwest.

The thing I want to emphasize is that the demand for accountancy education is growing. Not only those who are bookkeepers and auditors are demanding it, but university students as well. The popular courses in universities today are those which aim to fit men for the business world.

Two obligations are laid upon us by the increasing demand for training along the lines of our profession. First, the importance of a general preliminary education should be urged. Second, members of the profession should be encouraged to prepare text and reference books for the use of students.