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Thomas Jones*
NEW YORK CITY

ANALYSIS OF BOOKKEEPING AS A BRANCH OF GENERAL EDUCATION (1842)

Abstract: These thoughts of an early American accounting author reflect the frustrations encountered in attempting to establish the process of teaching account keeping within the general scheme of education. This item by Jones first appeared in 1842 as an article in a New York business periodical. It represents one of the first and most complete examples of ante-bellum American accounting thought as depicted in the financial press of that era.

There is perhaps no department of commercial education that claims so urgently the serious attention of the mercantile community as that of bookkeeping. We enter upon the subject with a full knowledge of the obstinate prejudice that has hitherto withstood all efforts towards promoting a general system of school instruction in the arrangement of accounts. Wherever the subject has been advanced, we have, until within a short period, uniformly heard the one reply, "Bookkeeping can only be acquired by practice; you may teach a little theory, but the practice is so different, that we have more trouble with a beginner, who has been taught in school, than with one who has never studied it." Are we then to adopt the conclusions to which these premises must inevitably drive us? Of the number of clerks employed in business, perhaps about one in ten has opportunity of practice; are we to conclude that the other nine tenths have no remedy for ignorance with regard to a subject which so deeply concerns their interests? Are that portion who are to become merchants to despair of attaining the necessary knowledge of

*Thomas Jones (1804-1889) was a pioneer American accounting teacher and text writer. He has been noted for being an early advocate of the need to view the accounting process as directed toward the production of financial reports — an emphasis which has caused him to be identified as the first "modern" American accounting writer.

This article appeared in *Hunt's Merchant's Magazine*, (December, 1842, pp. 513-526) a monthly business periodical published in New York City. It is one of the earliest known accounting articles found in American business literature. For a study of Jones' works see "The Contributions of Thomas Jones and Benjamin Franklin Foster" by H. P. Hughes, in the *Bicentennial Edition of Collected Papers*, American Accounting Association Southeast-Regional Group, 1976, pp. 93-98.

supervising their own affairs? And so long as these opinions prevail, are we to wonder if wholesale frauds are practiced, — are allowed to pass undetected for years, and that too in public institutions? While every other subject, in the whole range of science, is universally admitted to be beyond comparison most successfully acquired through having its elements carefully laid down and settled in language selected with the most scrupulous care, shall we conclude that bookkeeping is incapable of explanation? Or shall we not rather adopt the alternative of inquiring what more can be done in the analysis and arrangement of its elementary principles? — whether in the various systems that have been tried, the instruction has been built on a sure foundation; that is, whether the mind has been directed in the outset to those features of the subject which are at once seen to be conformable to some general and self-evident truths?

It is not our purpose, however, to enter upon any extended or abstract discussion involving the more general principles of the philosophy of teaching. We propose to give no less than a practical demonstration that the principles of double-entry can be made as familiar to schoolboys as the first rules of arithmetic. In order to effect this, and to show beyond dispute what constitutes true elementary principles of the subject, we must give a brief example of Day-book, Journal, and Ledger, and then proceed with our analysis.

DAY BOOK.

New York, November 1st, 1842.

Commenced business this day with a capital of		8,000.00
Of which we have in Cash	3,000.00	
In notes and accept'ces of various individuals, (Bills Receiv.)	4,000.00	
James Brown owes us on account	1,000.00	
2		
Bought Merchandise amounting per Invoice to	2,000.00	
For which we have paid in Cash		2,000.00
3		
Bought Merchandise amounting per Invoice to	1,800.00	
For which we are indebted to John Thompson		1,800.00
4		
Bought Merchandise amounting per Invoice to	2,500.00	
For which we issued our note in payment		2,500.00
5		
Bought Merchandise amounting per Invoice to	1,500.00	
In payment for which we gave our note for		750.00
And paid the balance in Cash		750.00

DAY BOOK.
New York, November 10, 1842.—Continued.

6		
Sold Merchandise amounting per Invoice to		3,000.00
For which we received in Cash	3,000.00	
7		
Sold Merchandise amounting per invoice to	2,500.00	
For which we received the buyer's note for	1,800.00	
And the balance in Cash	700.00	
8		
Sold Merchandise amounting to		1,300.00
For which the buyer, John Thompson, owes us	1,300.00	
9		
Bought the schooner Wave for	4,000.00	
For which we gave in payment our note for		4,000.00
10		
Bought Merchandise amounting to	3,000.00	
In payment for which we gave as follows:—		
John King's note for	2,000	
William Harris's for	1,000	
The discount allowed on the above notes was	35.00	
Which discount was paid in Cash		35.00
11		
The schooner Wave has cost for repairs	350.00	
Which he have paid in Cash		350.00
12		
We have negotiated (or disposed of) Henry Pell's note for		1,000.00
And allowed a discount (which is a loss of)	15.00	
We received in Cash	985.00	
13		
Sundry acc'ts rendered to us for store expenses,		
viz:—Coal bill	15.00	
“ “ Carpenter's bill,	25.00	
“ “ Painter's bill,	10.00	
All of which we have paid in Cash,		50.00
14		
The schooner Wave has produced for freight		200.00
Which we have received in Cash	200.00	
15		
We have redeemed our note of 4th instant for	2,500.00	
On which we are allowed a discount		15.00
for the time it has to run		
We paid for said note in Cash		2,485.00
16		
Bought Merchandise amounting to	2,800.00	
For which we are indebted to John Thompson		2,800.00
17		
We have given our note to John Thompson for		2,800.00
For which he is accountable to us	2,800.00	
18		
Sold Merchandise for		1,500.00
For which we received the buyer's note	1,500.00	

DAY BOOK.
New York, November 10, 1842.—Continued.

19		
An account is rendered us for Blank Books, &c	57.00	
Which we have paid in Cash		57.00
20		
We have this day taken an account of Stock, and {		
value Merchandise unsold at	8,500.00	
We value the schooner Wave at	4,300.00	

N. B.—Should some of our readers be disposed to object to the language of the above entries as not being sufficiently mercantile, we beg to observe that they are not given as such. We think it best that the pupil should be told in the fullest and plainest way possible what has taken place. When he understands the theory of debit and credit, he will soon acquire the best forms of expression.

JOURNAL.
New York, November 1st, 1842.

	<i>Debits.</i>	<i>Credits.</i>
Cash	3,000.00	
Bills Receivable	4,000.00	
James Brown	1,000.00	
Stock		8,000.00
<i>Reasons for the above Entries.</i> —The debit of the Cash account must contain the Cash on hand beginning, and all receipts.		
2.—The debit of Bills Receivable account must contain all such paper on hand beginning, and all received since.		
3.—Each person's account must be charged with all that he is indebted.		
4.—Stock account must be credited with the capital, (see Ledger.)		
Merchandise	2,000.00	
Cash		2,000.00
<i>Reasons.</i> —Merchandise account must be debited with all its costs.		
Cash account must be credited with all payments.		

The above examples will be sufficient to show that as the reason for each Journal entry is drawn from the account in the Ledger to which it relates, it would be useless for the learner to attempt to understand the Journal until he is made fully acquainted with all the accounts in the Ledger: he will then see the reasons for each entry, as fully as he could desire, without explanation.

The Journal then, is merely an expedient to convey the proper entries for every transaction, to the Ledger, each item being assigned to its respective account, whether debit or credit. We therefore proceed to the Ledger:—

L E D G E R .

<i>Received.</i>		<i>CASH.</i>			<i>Paid.</i>
1842			1842		
Nov. 1	On hand commencing ...	3,000.00	Nov. 2	Paid	2,000.00
" 6	Received	3,000.00	" 5	"	750.00
" 7	"	700.00	" 10	"	350.00
" 12	"	985.00	" 11	"	35.00
" 14	"	200.00	" 13	"	50.00
	Total received	\$7,885	" 15	"	2,485.00
			" 19	"	57.00
				Total paid	\$5,727

<i>Received.</i>		<i>BILLS RECEIVABLE.</i>			<i>Disposed of.</i>
Nov. 1	On hand commencing ...	4,000.00	Nov. 11	Disposed of	
" 7	Received	1,800.00	" 12	2 notes	3,000.00
" 18	"	1,500.00		" "	1,000.00
	Total received	\$7,300		Tot. dispos'd of	\$4,000

<i>Redeemed.</i>		<i>BILLS PAYABLE.</i>			<i>Issued.</i>
Nov. 15	Redeemed	2,500.00	Nov. 4	Issued	2,500.00
			" 5	"	750.00
			" 9	"	4,000.00
			" 17	"	2,800.00
				Total issued	\$10,050

<i>Dr.</i>		<i>JOHN THOMPSON.</i>			<i>Cr.</i>
Nov. 8	.....	1,300.00	Nov. 3	.....	1,800.00
" 17	.....	2,800.00	" 16	.....	2,800.00
	Total	\$4,100		Total	\$4,600

<i>Dr.</i>		<i>JAMES BROWN.</i>			<i>Cr.</i>
Nov. 1	.....	1,000.00			

<i>RESOURCES.</i>		<i>LIABILITIES.</i>	
Merchandise, valued at	8,500.00	Bills Payable unredeemed ..	7,550.00
Schooner Wave	4,300.00	John Thompson, owing to him	500.00
Cash on hand	2,158.00	Total	8,050.00
Bills Receivable on hand	3,300.00		\$19,258.00
James Brown owes us	1,000.00		8,050.00
Total	19,258.00	Present Worth	\$11,208.00

LEDGER.
STOCK.

		1842		
		Nov. 1	Capital commencing	8,000.00
<hr/>				
<i>Outlay.</i>	<i>MERCHANDISE.</i>			<i>Returns.</i>
<hr/>				
1842			1842	
Nov. 2	.....	2,000.00	Nov. 6	..... 3,000.00
" 3	.....	1,800.00	" 7	..... 2,500.00
" 4	.....	2,500.00	" 8	..... 1,300.00
" 5	.....	1,500.00	" 18	..... 1,500.00
" 10	.....	3,000.00	" 20	Value of goods
" 16	.....	2,800.00		unsold
	Total cost	13,600.00		Total returns ..
				16,800.00
				\$16,800.00
				13,600.00
				Profit \$3,200.00
<hr/>				
<i>Outlay.</i>	<i>SCHOONER WAVE.</i>			<i>Returns.</i>
<hr/>				
1842			1842	
Nov. 9	.....	4,000.00	Nov. 14	..... 200.00
" 11	.....	350.00	" 20	Unsold, and
	Total cost	4,350.00		valued at
				4,300.00
				Total returns ..
				4,500.00
<hr/>				
<i>Outlay.</i>	<i>STORE EXPENSES.</i>			
<hr/>				
1842				
Nov. 13	.....	50.00		
" 19	.....	57.00		
	Total expenses.	107.00		
<hr/>				
<i>Losses.</i>	<i>PROFIT AND LOSS.</i>			<i>Gains.</i>
<hr/>				
1842			1842	
Nov. 10	.....	35.00	Nov. 15	..... 15.00
" 12	.....	15.00		By merchandise ..
	To store expenses.	107.00		" schooner Wave
	Total loss	157.00		150.00
				Total gain
				3,365.00
				\$3,365
				157

				3,208
				Capital 8,000
				Pres. Worth \$11,208

EXPLANATION OF THE LEDGER

The grand business of bookkeeping is to dispose of the matter of the Day-book in the form of accounts, which accounts collectively constitute a Ledger.

The Ledger is designed to show the financial position of the owner, either as regards his whole business or its several parts, each part having its own particular account.

Accounts are of two kinds, having two distinct objects; the one kind we denominate *Primary*, the other *Secondary accounts*.

The primary accounts constitute a single-entry Ledger.

The primary and secondary together constitute a double-entry ledger.

So if we had arranged the preceding day-book by single-entry, you would have had none of the secondary accounts in the ledger. Each account in the ledger may occupy a distinct folio; but we have arranged those of the same kind under each other, in order that you may see their analogy: and be careful not to confound the two kinds, for you will soon see that secondary accounts are duplicates of the primary, only the items are not placed in the same order of succession; so if you confound the two together, you may as well make two accounts against one person, and charge him with both.

The *primary accounts* are the *Cash Account*, *Bills Receivable*, *Bills Payable*, and the *accounts of individuals*.

All other accounts are *secondary*. This distinction is very easily remembered, therefore let it be carefully noticed.

Now before we proceed to describe the operations in the preceding ledger, let us consider what it is we desire to accomplish.

We have in the day-book a correct history of every transaction that has made the minutest change in the property or financial position of the concern, and we now wish to find out, after all these changes have taken place, what is our present worth.

A very little reflection will enable you to see that this can be accomplished in two different ways:—

1st. If we can find out what are our Resources and what our Liabilities, our present worth must be the difference between the two.

The primary accounts enable us to find out our Resources and Liabilities.

2d. If we can ascertain what we were worth when we commenced, and what we gained since, the sum will be our present worth, or if we lost, their difference.

The secondary accounts enable us to fulfil these latter conditions; and having our present worth derived from two distinct sources, we have presumptive evidence that all is right, and our books are said to balance.

We now proceed to show how we obtained the requisite results by the primary accounts.

In the debit or left hand column of the Cash account, you will find that we have set down every sum of cash received from the beginning. And in the right hand or credit column, we have set down every payment since that time.

We find the whole amount received, to be.....	7,885
And the whole amount paid.....	5,727
	<hr/>

Hence we must now have on hand as Resources...\$2,158

In the debit column of the Bills Receivable account we have entered, as you will find by referring to the respective dates in the day-book, every note we received from the beginning, and in the credit column we have placed every one we disposed of.

The amount of notes we received, is.....	7,300
And the amount disposed of.....	4,000
	<hr/>

Consequently we must have on hand as Resources—\$3,300

In the *credit* column of the Bills Payable account we have entered the amount of every note we issued from the beginning, and in the debit column we entered the amount of every one we redeemed or took up.

We find the total amount issued, to be.....	10,050
And the total amount redeemed.....	2,500
	<hr/>

Consequently, we still have to redeem, which is an item of our Liabilities.....\$7,550

In the debit column of John Thompson's account we have entered every sum for which he became accountable to us, and in the credit column every sum for which we became accountable to him.

We find we are now accountable to him.....	4,600
And he is accountable to us.....	4,100
	<hr/>

Consequently we owe him, which is another item of our Liabilities.....\$0,500
James Brown's account, being arranged on the same principle, shows that he is accountable to us, which is an item of our Resources.....\$1,000

But the primary accounts do not show our whole Resources, unless all our property be sold; now, in this case, we find we have a ship and merchandise, which we set down as Resources according to present valuation.

Here, then, we have shown how you may under any circumstances get at your Resources and Liabilities by making these few accounts according to the above principles. Is there any difficulty to apprehend? Look at each account singly, and see if it is not the plainest way of telling the story that could be devised. Be assured that when the plan of these four accounts is familiar to you, there is no difficulty whatever; but if you attempt to make them before you know how they ought to be made, or for what purpose you are making them, you deserve to be defeated, and that you most undoubtedly will be.

THE LEDGER.

Secondary Accounts.—Having proceeded so far with our subject, without encountering any difficulty to discourage the student, let us examine one remaining part.

The secondary accounts, it will be remembered, were to show what we were worth at the outset, and how much we gained or lost since.

The remaining secondary accounts are titles we have fixed upon to describe the different portions of our business.

In the debit columns we have put all we laid out under each head, and if we expended any sum for which we had provided no particular head, we entered it under Profit and Loss. Thus we had no head for discount, and we entered it as loss. Hence the secondary accounts are made to show on the debit side all we expended or lost in the business or its parts, and the credit column shows the whole returns of the business or its parts; and after all the transactions have been recorded, we enter, as returns, the valuations of each part unsold, (see Merchandise and Ship;) we then take the gain or loss on each account, separately, and place all gain on the credit side of Profit and Loss, and all losses on the debit side.

Here then we find the total gain.....	3,365
And the total losses.....	0,157

The net gain is therefore.....	3,208
Which added to original capital.....	8,000

Makes our present worth.....	11,208

We have now shown all the accounts that are necessary to enable us to elicit from any transactions a statement of Resources and Liabilities, and also of the Gains, Losses, and Original Capital; hence in assigning debits and credits to the different accounts, that is, in forming a journal, we have only to consider what accounts are affected by a transaction: for example, — “Bought merchandise amounting to \$2,000; for which we paid in cash.” Required the journal entry.

Now look at the Merchandise account and you will see that the debit side must contain all it cost you, and therefore you will debit Merchandise.

And if you turn to the Cash account you will be reminded of the necessity of entering all payments in the credit column of cash account; hence your entry will be to debit Merchandise and credit Cash.

It would be useless to multiply examples. It is easy to see that you are to be guided entirely in your journal entries by your knowledge of the ledger accounts; and therefore, if you would avoid continued reference, you must, as soon as possible, get the whole plan of the ledger accounts well impressed on your mind. Its outline may be thus briefly stated.

We have shown that all financial transactions whatever, are to be separated into Cash receipts — Cash payments — Other men’s notes received — Other men’s notes disposed of — Our own notes issued — Our own notes redeemed — What we are indebted to others — What others are indebted to us — Expenditures in the business, or losses — Returns of the business, or Gains. There is a proper place in the ledger provided for each of these classes, and you have only to inform yourself of these places and enter accordingly.

The double entries that you perceive each single transaction requires is only a necessary consequence of your double set of accounts, the debt side of one set being the credit side of the other set: thus what sums you enter in the debit side of the secondary accounts, as expenditures or outlay, you are also required to enter in the credit columns of some of the primary accounts, to show how you made your payments or to whom you are indebted, for you could not make any investment in your business or its parts, but you must either pay cash, give notes, or become indebted to some one; and any of these cases require credits in your primary accounts. And all you enter as returns of the business or its parts, must either be received in cash or notes, or be owing by some one,

any of which must be debits of the primary accounts; consequently every thing is recorded twice in double-entry, and you cannot make a debit without being required to enter a corresponding credit.

We now arrive at the most important point in the position we proposed to sustain. We have pointed out certain features as characteristic of, and inseparable from, double-entry, under every form in which it ever has been or can be practised. We also insist that no matter what plan of teaching may be pursued, unless it result in giving all the separate ideas of the several accounts we have adverted to, the subject cannot be understood with sufficient clearness for any practical purpose; which is no more than saying you cannot practise bookkeeping until you understand its principles: for that the features we have adverted to, are the only principles that logically explain the subject, we hold to be indisputable; they have existed in the subject unchanged and unchangeable from its first promulgation; they have constituted the guidance of all who ever mastered double-entry, — they afford the exact picture the subject presents to every experienced practical accountant, with the exception, that he has not been at the pains to arrange his ideas in the logical order that is necessary for elementary instruction. Unfortunately for learners, no attempt has until recently been made to fix their attention on these principles as the ground-work of the study. If we had no written grammars in which language was analyzed, and the several parts of speech defined and carefully urged on the attention of the student, could we reasonably expect to make grammarians by requiring each pupil to take a paragraph and separate the words into different classes for himself? Why then should we expect a student to begin for himself the analysis of transactions in business — to distinguish the several collections that will be required in a ledger, when he is entirely uninformed of any ultimate purpose? We marvel why bookkeeping has been so imperfectly taught; but the true marvel is, that we should have continued so long in the attempt to convey practical knowledge without affording even a glimpse of its elementary principles.

Having defined what constitutes the governing features or principles of the subject, we proceed to give an example of the kind of exercise by which these principles will be most speedily appreciated.

We first lay down the following as the governing rules for the primary accounts, viz.: The Cash Account, Bills Receivable, Bills Payable, and the accounts of persons. (See ledger.)

- 1st. Debit Cash account with all cash on hand commencing, and subsequent receipts of cash.
- 2d. Credit Cash account with all payments of cash.
- 3d. Debit Bills Receivable account with all other men's notes you held commencing, and all subsequently received.
- 4th. Credit Bills Receivable account with all other men's notes you dispose of.
- 5th. Credit Bills Payable account with all your own notes outstanding when you commence, and all you subsequently issue.
- 6th. Debit Bills Payable account with all your own notes you redeem or take up.
- 7th. Debit each person's account with all he has become indebted to you.
- 8th. Credit each person's account with all you have become indebted to him.

EXERCISE.

I have extracted from my books of account the following information. My whole receipts of cash, including what I had commencing, amount to \$32,280, (see rule 1.) Total amount of other men's Notes received \$16,500, (3.) Total amount of my own Notes issued \$7,000, (5.) Total amount of Cash paid \$13,575, (2.) John Wilson has become indebted \$3,000, (7.) Total amount of my own Notes redeemed \$2,000, (5.) Total amount of other men's Notes I disposed of \$7,500, (4.) I have become indebted to John Wilson \$3,500, (8.) William Farmer has become indebted to me \$1,000, (8.) Merchandise is all sold. Required my Resources and Liabilities and what I am worth.

The manner of performing the exercise is as follows. Make on a slate or waste paper the necessary headings, thus:—

CASH.	
Receipts.	Payments.
BILLS RECEIVABLE.	
Received.	Disposed of.
BILLS PAYABLE.	
Redeemed.	Issued.
JOHN WILSON.	
Dr.	Cr.
WILLIAM FARMER.	
Dr.	Cr.

Enter each item in its proper account on the proper side, according to the rules referred to; thus (2) refers to rule 2.

When all are entered, the following will be the result:—

<i>Resources.</i>	<i>Liabilities.</i>
Cash on hand \$18,705	Bills Payable \$5,000
Bills Receivable 9,000	John Wilson 500
W. Farmer owes 1,000	
\$28,705	28,705
	5,500
	\$5,500
Present worth	\$23,205

RULES FOR SECONDARY ACCOUNTS.

- 1st. Credit Stock account with what you are worth beginning.
- 2d. Debit the various parts of your business under such titles as you may choose to select, with all you lay out, invest, or lose.
- 3d. Credit the respective titles with whatever the several departments produce you.
- 4th. When you expend or receive any sum, for which you have provided no particular account, carry it to Profit and Loss.
- 5th. In all secondary accounts, expenditures or losses are debits; and receipts or gains, credits.

We have no particular predilection for rhyming rules; indeed, where they are not founded on something already known, we consider them highly objectionable, but as a means of keeping together in the mind the several principles the student has already seen established, the following may be considered of some utility:—

CASH ACCOUNT.

Debit your Cash Account for cash received,
And credit Cash for ev'ry item paid.

BILLS RECEIVABLE.

When bills, or notes of other men, you take,
To Bills Receivable a debit make;
When of the notes of others you dispose,
Take care that Bills Receivable a credit shows.

BILLS PAYABLE.

For notes you issue promising to pay,
Bills Payable a *credit* must display;

If your own roles notes you cancel or redeem,
Bills Payable a debit then will claim.

PERSONS' ACCOUNTS.

Debit each person when he takes from you,
And credit items to another due.

SECONDARY ACCOUNTS.

Choose such accounts as best describe your trade,
To debit cost of all investments made;
Expense incurred, or loss, must debit be,
That you your whole expenditure may see.
If at the end, your profits you would know,
Let Merchandise, each sale, a credit show;
All income claims a credit—try to find
The best account to designate its kind.

It will now be evident, that we can give similar exercises to teach the secondary accounts; and thus by about eight or ten exercises, the student is made completely master of all his subsequent operations.

Here, then, after securing to our pupil a complete knowledge of all accounts that can be required, which can be accomplished in three or four days, we are prepared to place him to the journal; and now let us contrast his position with one who is introduced to the journal as his first task:—

Transaction 1st.

Commenced business with a cash capital of . . . \$10,000.00
Required the journal entries?

Our pupil will see at once the necessity of debiting the Cash account, and crediting the Stock account.

But how is it with one who has no knowledge of the subject? His teacher, perhaps, has made him commit to memory the following lines:—

“By journal laws, what you receive
Is debtor made to what you give;
Stock for your debts must debtor be,
And creditor by property.”

But will these lines enable him to make the entry? No, the teacher must tell what the entries are; and if he can by any effort of his ingenuity make the rule apply, even after he has told the entries, we confess he is more sharp-witted than ourselves. But of what use is

a rule, if it can only be made to apply when the entry is known? If you give me some mark, by which I am to know the thing you send me in search of, your description will be useless, if the mark is concealed; your discovering it to me when the difficulty is over, will be of no avail: but so it is with these rules. When the teacher has shown what entries are required, he proceeds by some ingenious argument to make it appear that the rule applies.

Transaction 2d.

“Sold hardware to S. H. Lovell, \$250; and for cash to sundry persons, \$160.”

To this, we will try another rule, which its author pronounces infallible:—

“Whatever owes us is Debtor,
Whatever we owe is Creditor.”

This rule is an attempt to make good the very first impression experienced by all who open a book of accounts; for they naturally conceive, that what is called Dr. must be owing to us, and vice versa. But who does not, after a few trials, abandon this idea, from finding his efforts to make sense of it fruitless? In fairness however to the author, we give, in his own words, his application of his rule to the above transaction.

“*Elucidation.*—The Sundries are debtor, because they owe us for the amount of value that the hardware has produced; for *the production consists in Lovell and Cash.*”

“Hardware is creditor, because we owe that article for the production it has caused.”

How enlightened the student must be by such elucidation! Let us now ask our own student to explain the entries required. His answer will be—

Debit Cash with \$160, because we received that amount in cash.

Debit Lovell. . . \$250, because he is indebted for his purchase.

Credit hardware \$410, because the whole is returns from hardware.

But how, we would ask, are either of these rules to help the student to a knowledge of the principles which we have already shown to be indispensable to the practice? The student goes on experimenting upon transaction after transaction, patiently trying to apply the rule, and when he finds himself puzzled, he is only taught the more admiration of his teacher's sagacity, when he listens to his ingenious “elucidation;” and without inquiring whether he has gained any general information, he good-naturedly sets down all difficulties to the debit of his own capacity. His very first attempt to

penetrate the object of what he is about, causes him to form a wrong impression, and proceed to the very end under the delusion. He says to himself, all things received are Dr., and all things given, Cr.; therefore, when all is compared, the difference must be what I have left. Or, all that owes me is Dr., and all that I owe Cr., and consequently the difference must show how I stand. Great is his perplexity when he discovers at last, that Drs. and Crs.—things received and given—are equal. He is told, that things received are Dr., and yet if he receives a sum of interest or charges, he must credit them. How this would be explained by teachers, we know not; but in most books, the accounts have been prudently omitted.

Now we are not contending, that from instruction such as this, the student acquires no ideas of bookkeeping; but we contend, that he will be apt in all cases greatly to overrate his acquirements, and that he will have formed such very inadequate ideas of all that regards the details of a counting-room, that it may be questioned whether he will have derived any substantial benefit. It is well known, that attempts to introduce the details of practical bookkeeping into schools, have failed for want of a proper exposition of principles, and the books abandoned. Mr. B. F. Foster published, perhaps, the best exemplification of practical bookkeeping that had then appeared in this country, but what was the result? He explained it as other authors had explained it, and then went on from where they left off to the practice of monthly journalizing; but pupils could not comprehend this stage: they were in fact taken from the school to the counting-room by a change in the details, and found totally incapable of proceeding. Mr. Foster has since altered his whole elementary part to conform to the views here given, which he is now publishing in England.

But in journalizing by such rules, the student only acquires knowledge on the subject in proportion as he happens to remark and form a governing principle by repetition; and this process is slow and tedious. Thus, having journalized many receipts of cash, he at last unconsciously becomes impressed with the principle of debiting Cash with all receipts, but not perhaps until he has first determined that he must debit it when he receives it for merchandise; and next when he receives it on account, and then when he receives it for a note, until at last he shakes off all other circumstances which encumbered the true principle, and he finds he must debit cash whenever he receives it, no matter for what; and so he accumulates a few principles slowly and imperfectly. But to acquire the whole subject in this way, would occupy years instead of weeks. It is so

in the counting-room, and must be so in the school, unless the teacher expedite the process of generalization by disclosing the principles that are in reality the object of pursuit.

Hence, the student has no leisure to attend to details, he consumes his whole time in endeavoring to learn the theory of debit and credit by making a journal, without accomplishing even that object. But how is it with the pupil who has learnt the principles? It is true he spends a few days in acquiring the knowledge that is considered the necessary substitute for a rule, but mark the result; he makes his journal entries without any necessity of help from his teacher, he knows what must be done in order to get at his result, and he perfectly understands how each step bears upon it, for in no other case can he proceed. He is supplied with a month's business, and required to bring a balance sheet; and when he finds he can accomplish this, he gains more confidence for the next; and if the practice be judiciously selected for him by his teacher, he will always succeed. In this way he can accomplish at least five times as much practice, and may be required to adopt every variety of process; for it makes no difference to him, whether he is to make his journal from a daybook alone, or from all the variety of subsidiary books that can be used; so that more than nine-tenths of his time is occupied in real practice, where he is thrown entirely on his previously acquired knowledge, instead of groping along in doubt and difficulty. Instead of balancing once or twice, he will balance at least twenty or thirty times in a few weeks. And all these advantages are gained, by spending a few days in learning the principles, instead of beginning to work by a rule. But what is it we contend for in teaching this subject?

In all books of elementary knowledge in other branches, the first object is to search for those general and self-evident truths or principles that form the basis of the subject, and then to select any exercise by which those principles will be most clearly and frequently brought into operation, until the mind not only appreciates their truth, but becomes so saturated with them that their application is instantly perceived; and in attaining this object, it is of very slight importance whether the operations selected, are such as are commonly wanted in practice or not; it is sufficient if they enable us to insist upon the value and importance of the principles we design to employ in our subject.

If we would place a check upon wild speculation—diminish the number of bankruptcies—afford a timely warning against extravagant expenditure—and throw light into the obscure recesses, where

fraud and embezzlement are wont to lurk undetected, we know no better way of beginning, than by urging a complete and effectual reform in this department of commercial education. Nay, not only do we consider the interests of the mercantile community deeply involved in the issue of this movement, we contend further that no youth, for whatever occupation he may be destined, should be considered to have completed even a common or tolerable education, until he can commence his intercourse with the world, provided with that knowledge which is so essential—so indispensable to the protection of his rights; which, in truth, will alone enable him to prove or maintain the distinction of *meum* and *tuum*. The subject is now reduced to a simple arithmetical problem, and we have shown, that to any mass of financial data, how complicated soever it may be, two uniform and simple methods of solution apply, so as to determine the owner's position; and this being once taught, the principles of double-entry are mastered. Is a knowledge of this, less necessary than that of any other part of arithmetic, merely because the sum is longer? In this form the subject is placed as completely under the management of the schoolmaster, as any other branch of knowledge. Let it then, we say, be taught in every common school throughout the Union. The object is not to make every man a book-keeper, but to make him competent to understand whatever accounts may come under his notice, and to detect and expose erroneous results, however ingeniously they may have been drawn.

It is not disputed, that however well the principles of bookkeeping may be taught, each student in applying it to practice, will exhibit some peculiarity in the disposition of the details; some will choose one set of subsidiary books and some another: but if two men were to write on the same subject with the same sentiments, would they not construct their sentences differently; and should we not consider this very difference as the surest evidence we could have of originality? Both may write grammatically, yet one may greatly excel the other; but because each has a way of his own, this can surely be no argument that the study of grammar is useless.

What we would insist upon then, as regards accounts, is, that every one should be competent, at least to state his financial affairs correctly, and as regards the minor details of practice, those who are ambitious of attaining perfection, will find ample latitude for the exercise of their ingenuity, and much to be gathered from the experience of others.*

*Our readers are referred for a full development of this system of teaching the subject, to "Jones's Principles and Practice of Bookkeeping."