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## Comments on Leinicke-Flesher survey

James W. Jones

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Jones: Comments on Leinicke-Flesher survey

# COMMENTS ON LEINICKE — FLESHER SURVEY

by  
**James W. Jones, CPA**  
*Baltimore, Maryland*

The objective or the background of the questionnaire other than the statement in the letter of March 13 does not indicate the purpose for which information is solicited. "Beauty is in the eyes of the beholder."

It seems to me that "contributions to accounting" have been influenced markedly by eras and events, not as much as persons who have perhaps risen to the occasions. Some of these have caused differences of opinion as to treatment of capital, assets, costs, etc. Therefore, I have written a few lines on several topics selected at random from personal experience and education.

#### **Municipalities**

An area that received a great deal of attention; in fact, was prominent in the program of the First International Congress of Accountants (1904).

#### **Public Utilities**

With the development and growth of these servants of the public there was extensive writing on accounting related subjects. Accountants' Index for 1920 listed 13 pages from numerous authors.

One significant activity was the development and expansion of *railroads* in the 1800's. The Accountants' Index of 1920 listed 47 pages of writings pertaining thereto. One of those contributors to that particular industry was Marshall M. Kirkman among whose many contributions was a two-volume set on *Railway Expenditures* (1880). A review by me of a reprint of this set was published in *The Accounting Historians Journal*, Spring, 1981.

Has anyone explored and exposed the effects on accounting procedures of the *Interstate Commerce Commission* (1887)? This traffic is vital to the welfare of the U.S. Surely, there must have been some comments by prominent persons involved in financial matters.

Consider the impact of the 16th amendment (1913) *tax on income* which was ratified by the States. We are still burdened by this law in spite of numerous writings and speeches and voluminous regulations.

I did not bother to count listings in Index. Surely there were some thinkers who have expressed their views; which one was outstanding?

Two *words* which generated a lot of discussion and writings were *depreciation* and *depletion*. Evidence of concern can be found in the 336 pages on this subject printed in the Accountants' Index (1920). We all recognize the import of these words but who can say, without refutation, that any 1, 2, 3, individuals "contributed the most to accounting"?

Another subject which commanded a great deal of attention was "*Interest as a cost*" which in the 1920 Index required seven columns of listings for items in print at that time. I doubt that the argument was ever resolved but books were written on this one topic.

Importance of *Costs*. My friend Paul Garner, has authored *Evolution of Cost Accounting to 1925* which acknowledges the importance of costs and portrays in some detail the attitudes of many persons toward material, labor and overhead costs. In itself I feel it is a major contribution to accounting literature and in it he cites numerous other writers in the 19th and early 20th centuries who have influenced our procedures and financial statements.

In the first half of this century the United States has been involved in two major *wars* which have strained all national resources. These were factors in developing accounting procedures. In the 1920 Accountants' Index, over a column of references was devoted to WWI after its ending. Following the termination of these wars, pent-up consumer demand, as well as industrial, resulted in so-called prosperity followed by declines referred to as depressions or recessions. From each of these arose problems of contract settlements not unnoticed by writers.

The *Securities and Exchange Commission* (1933) assuredly has had a most profound effect on accounting procedures and the profession of accountancy. Should some one person (or five) of the subsequent trials and tribulations be selected as having "contributed the most to accounting" disregarding all other activities?

JONES: *Continued*

By casually scanning the list of 58 names provided with the questionnaire, I have selected eight names with which I have been acquainted over the past sixty years of my affiliation with accounting. Two of these I know on a first-name relationship. Five of these eight appear in the original issue of the *Accountants' Index* (1920) and the three others appeared later through 1950. This terminal date is obviously unfair to some but without it the critique could go on forever.

The name of Haskins appeared 26 times in the 1920 A.I. Sells appeared 36 times in orig. & Sup. 1 & 2  
 Littleton " 80 times in orig. & thru Sup. 9  
 May " 129 times in orig. & thru Sup. 9  
 Paton " 88 times in orig. & thru Sup. 9  
 Barr " 3 times in Sup. 5 & 6  
 Blough " 68 times in Sup. 5 thru 9  
 Davidson " 2 times in Sup. 9

There may be some merit to suggesting that the names which have appeared the most times in the *Accountants' Index* are those who have contributed the most to accounting.

A name which does not appear on your list is that of Seymour Walton whose writings and Walton School certainly influenced accounting procedures and accountancy.

I noted the name of Pacioli, often referred to as "the inventor of double-entry bookkeeping," "the father of bookkeeping," etc. He was none of these. In the two translations that I have he specifically states "we will here adopt the method employed in Venice which among others is certainly to be recommended, etc." Pacioli had the advantage of the printing press which facilitated dissemination of his complete work "Summa" so that a few copies have endured.

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## THE ACCOUNTING HISTORY ASSOCIATION (JAPAN)

In the Fall 1982 issue of the *Notebook* (Vol. 5, No. 2), the formation of the Accounting History Association of Japan was announced. Recently, the *Accounting History Association Annals 1982-83* has been published in Japanese with a synopsis in English. The English portion contains a summary of two papers that were presented at the general meeting in 1982. They are entitled "Development of the Stock Accounts in the Ledgers of the First Half of the East India Company in England" by Torao Moteki, and "Some Reflections on the Development of Double-Entry Bookkeeping in the Sixteenth Century" by Satoshi Shirai.

If anyone is interested in pursuing these topics or would like to contact the Association for other reasons, the address is:

Accounting History Association  
 c/o Professor Hirabayashi  
 Faculty of Business  
 Osaka City University  
 3-138, Sugimoto 3-chome  
 Sumiyoshi-ku, Osaka 558  
 Japan

## THE SOUTH SEA COMPANY

In the late 1700s, Charles Lamb's first *Essays of Elia* describes the dust covered, unused ledgers and day-books related to the South Sea Company debacle with humorous admiration.

"With what reverence have I paced thy great bare rooms and courts and eventide! They spoke of the past—the shade of some dead accountant, with visionary pen in ear, would flit by me, stiff as in life. . . . But thy great dead tomes, which scarce three degenerate clerks of the present day could lift from their enshrining shelves, with their old fantastic flourishes and decorative rubric interlacings; their sums in triple columniations, set down with formal superfluity of ciphers; with pious sentences at the beginning, without which our religious ancestors never ventured to open a book of business or bill of lading; the costly vellum covers of some of them almost persuading us that we are got into some better library, are very agreeable and edifying spectacles. . . ."