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Boys: Dr. Samuel Johnson and accounting

DR. SAMUEL JOHNSON AND ACCOUNTING

by
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Dr. Samuel Johnson (1709-1784), lexicographer and professional writer, is one of the most quotable of writers. Although much has been written about Johnson, including his opinions on economics, nothing has been written specifically about Johnson's published works and papers, particularly his diaries and letters, together with Boswell's *Life of Johnson* and other sources, provides some interesting and informative material of particular interest to accounting historians. These publications show that Johnson was something of an economist and an accountant; his philosophy of accounting seems to be in accord with modern writers although his practice of keeping personal accounts leaves a lot to be desired.

THE IMPORTANCE OF ARITHMETIC

Johnson's knowledge of, and interest in, accounting may well have stemmed from his high regard for arithmetic. In several letters to Hester Maria Thrale and Sophia Thrale (daughters of Henry Thrale, Brewer and M.P. for Southwark), Johnson emphasized the importance of this subject. Many of the letters were repetitive, but the following extracts from April and July 1783, when Hester and Sophia were 18 and 12 years old respectively, present the flavor of his views.

"You have done very wisely in taking a master for arithmetick, a science of which I would not have you soon think that you have enough. It will seem at first difficult, but you will soon find its usefulness so great that you will disregard the difficulty; and the

progress will be easier than the beginning. Do not be content with what a single master dictates, but procure books: different authors exhibit the same thing in different views, and what is obscure in one, may be clear in another. When you can readily apply numbers on emergent occasions, you will find yourself to think with so much clearness and certainty that the pleasure of arithmetick will attract you almost as much as the use."

(Chapman, 1952, number 836.1, to Hester Maria Thrale, 26th April, 1783)

"Your proficience in arithmetick is not only to be commended, but admired. ...Never think, my Sweet, that you have arithmetick enough; when you have exhausted your master, buy books. Nothing amuses more harmlessly than computation, and nothing is oftener applicable to real business or specualative enquiries. A thousand stories which the ignorant tell, and believe, die away at once, when the computist takes them in his gripe. I hope you will cultivate in yourself a disposition to numerical enquiries; they will give you entertainment in solitude by the practice, and reputation in publick by the effect."

(Chapman, 1952, number 870, to Sophia Thrale, 24th July, 1783).

In addition to the comments in his letters, there is further evidence of his interest in arithmetic; for example, Mrs.

Thrale relates the following: "Useful and what we call every-day knowledge had the most of his just praise. 'Let your boy learn arithmetic, dear Madam,' was his advice to the mother of a rich young heir: 'he will not then be a prey to every rascal which this town swarms with: teach him the value of money, and how to reckon it...' " (Roberts, 1925, p. 127 and Hill, 1897, vol.i, p. 281) The rich young heir was Sir John Lade, the nephew of Mr. Henry Thrale.

Indeed, his high regard for arithmetic was such that he thought it should have more prominence than literature in education: " 'Let the people learn necessary knowledge; let them learn to count their fingers, and to count their money, before they are caring for the classics...' " (Roberts, 1925, p. 141 and Hill, 1897, vol.i, p. 295)

Johnson liked the precision afforded by numbers; Boswell reports him as saying " 'That, Sir, is the good of counting. It brings every thing to a certainty, which before floated in the mind indefinitely.' " (Hill, 1934 & 1950, vol. iv, p. 204, 18th April, 1783) Commenting that people often exaggerated stories by not counting but by estimating, he is reported as having said "Round numbers are always false.' " (Hill, 1934 & 1950, vol. iii, p. 226, n.4)

JOHNSON AS AN ACCOUNTANT

On September 18, 1764, the date of his fifty-fifth birthday, Johnson wrote in his diary that he resolved "To keep a journal both of employment and of expenses. To keep accounts." (McAdam, 1958, pp. 81-2) This is the first extant record of Johnson making such a resolution. His resolve was not strong, since the nearest thing to a set of accounts appears in September and October 1776, twelve years after his resolution; from time to time during those twelve years he had noted various amounts of income and ex-

penditure in his diary.

Johnson was perhaps influenced by his father when it came to not keeping accounts. Writing of his childhood, Johnson had this to say of his parents:

"Neither of them ever tried to calculate the profits of trade [bookseller], or the expenses of living. My mother concluded that we were poor, because we lost by some of our trades; but the truth was, that my father, having in the early part of his life contracted debts, never had trade sufficient to enable him to pay them, and maintain his family; he got something but not enough. It was not till about 1768, that I thought to calculate the returns of my father's trade, and by that estimate his probable profits.

This, I believe, my parents never did." (McAdam, 1958, pp. 7-8)

This extract from his *Annals* of 1710-1711, probably written in about 1772, shows that Johnson thought himself well able to keep and draw up a set of accounts, and also to calculate profit. However, no record of such a calculation of his father's profits exists. There is evidence to suggest that such a calculation had not been carried out by 18th August, 1774, since a note in Johnson's diary on that date states: "To note down my Father's stock, expenses, and profit." (McAdam, 1958, p. 201)

The accounts which Johnson did keep for September and October 1776 were as follows:

"MONEY RECEIVED

Sept. 22 I borrowed of Mr. T.	3-3-0
27 I borrowed of Mr. T.	3-3-0
Oct. 28 I borrowed of Mr. T.	1-1-0
	7-7-0

EXPENDED

Paid to Mrs. Thrale	
Miss Owen &c	1-15-0

Given away at Tunbr. &c at Boys: Dr. Samuel Johnson and accounting		Oct. 5 From Straham	20 0 0
Brighthelmston	0-4-0	6 weeks To Francis	2 2 0
Booksellers and Rooms	1-3-0	To Desmoulins	1 1 0
Given Away	1-14-0	4 weeks To White	1 11 6
Sam: Bill	0-7-4	Stockens &c	0 10 0
neglected at the beginning	0-3-0		
Purloined by Mr. T.	0-2-0		5 4 6
	5-8-4	Oct. 8 in Pocket Gold	13130
In my pocket 1-19-0	1-19-0	Silver	0 16 6
			19140"
	7-7-4"		

(McAdam, 1958, p. 261 and Hill, 1934 & 1950, vol. iv, p. 511)

There are several more small accounts contained in his diary, particularly at the end of 1777 and the beginning of 1778. These accounts are mostly lists of expenditure with totals. In 1782 there are slightly fuller accounts since his diary was written in *The Gentleman's New Memorandum Book improv'd: or, The Merchant's and Tradesman's Daily Pocket Journal for the Year 1765*, (the dates and days of the week for 1765 and 1782 correspond) (McAdam, 1958, p. xx); the right-hand page was designated for the week's account and the left-hand page for memorandum entries. Unfortunately, the editors of Johnson's dairies thought that they would be easier to understand if the weekly accounts were dispersed to the specific days of the week to which they referred, thus giving a complete chronological sequence of events, income and expenditure. The following is the only published example of a right-hand page and is for the period September/October 1782 (McAdam, 1958, plate facing p. 336):

“SEPTEMBER 1765

WEEK'S ACCOUNT.	Received.	Paid.
To White		1 1 0
From Straham	4 4 0	
To Frank for wages		2 10 0
To White		0 5 0
For Coals		3 9

These examples give a clear picture of how Johnson actually kept his accounts. Although there are no arithmetical errors in the two examples cited above, strangely, given Johnson's views on arithmetic, several of the columns in his accounts are miscast. This indicates that either Johnson's arithmetic was not very good or he was particularly careless. From the accounts for 1776 it can be seen that they do not balance, expenses being greater than receipts by 4d. Similarly, the accounts for 1782 do not balance, this time being out by much more.

Several reasons can be put forward for this lack of accuracy. One possibility is that Johnson simply forgot to note down some of his expenditure; entries were not always made at the same time as the events occurred (Hill, 1934 & 1950, vol. iv, p. 505) and he often wrote "I think" by an entry, which led one author (Fleeman, 1975, p. 228) to conclude that such a curious remark "probably signifies nothing more than that Johnson was an inattentive accountant". There are other instances where an entry is made but the amount paid is totally omitted; for example, in August 1777 there is an entry "Money given to strangers" but with no amount (McAdam, 1958, pp. 274-5). Johnson was a very generous man who gave away much of his money, as is witnessed by the exhibited accounts for 1776 and by the remark made by the Rev. Dr. Maxwell to Boswell: "He frequently gave all the silver

in his pocket to the poor, who watched him, between his house and the tavern where he dined.' " (Hill, 1934 & 1950, vol. ii, p. 119) It is no wonder that he could not account for all his transactions and was thus unable to make his books balance.

More likely though, especially from the specimen of his 1782 accounts, the reason why the accounts do not balance is the omission of an opening balance in hand. Fleeman (1975, p. 223) comments on Johnson's diary for 1782 as follows: this "contains several instances of weak accounting: errors in simple addition, misplacing of figures in cash columns, approximations, and large omissions".

It would seem that Johnson was not concerned about the accuracy of his accounts, nor did he use them as a method of control over his financial resources; rather the records were kept simply as a matter of interest.

JOHNSON'S THOUGHTS ON ACCOUNTING

Although Johnson may not have been a very good accountant in practice, he certainly was in spirit. Boswell provides some evidence of Johnson's views on the usefulness of keeping accounts when he writes:

"I praised the accuracy of an account-book of a lady whom I mentioned. JOHNSON. 'Keeping accounts, Sir, is of no use when a man is spending his own money, and has nobody to whom he is to account. You won't eat less beef to-day, because you have written down what it cost yesterday.' I mentioned another lady who thought as he did, so that her husband could not get her to keep an account of the expence of the family, as she thought it enough that she never exceeded the sum allowed her.

JOHNSON. 'Sir, it is fit she should keep an account, because her husband

wishes it; but I do not see its use.' I maintained that keeping an account has this advantage, that it satisfies a man that his money has not been lost or stolen, which he might sometimes be apt to imagine, were there no written state of his expence; and besides, a calculation of economy so as not to exceed one's income, cannot be made without a view of the different articles in figures, that one may see how to retrench in some particulars less necessary than others. This he did not attempt to answer." (Hill, 1934 & 1950, vol. iv, pp. 177-8)

As a matter of interest, and for the sake of completeness, the lady who kept accounts was the Hon. Mrs. Stuart (the wife of Lieut.-Col. the Hon. James Archibald Stuart, and Boswell's wife's dearest friend) and the lady who would not keep accounts was Boswell's wife (Hill, 1934 & 1950, vol. iv, p. 511).

This reported dialogue between Johnson and Boswell, two intelligent men of their time, succinctly puts the arguments for and against the use of historical cost accounting. Both arguments have some validity; historical cost accounting is not useful for economic decision making, whereas it does serve a useful purpose as a method of financial control.

Johnson was a cautious man, a trait often ascribed to accountants. His philosophy of domestic economy is shown in a letter to Boswell in 1783 (Hill, 1934 & 1950, vol. iv, p. 163): " 'Make an impartial estimate of your revenue, and whatever it is, live upon less.' " A further example of Johnson's cautious nature in money matters is demonstrated in a copy of *The Rambler*, a literary journal, published twice weekly. In all, there were 208 issues, all but a few written entirely by Johnson himself. Issue number 57, published on Tuesday, 2nd October, 1750, over 30 years before Johnson's let-

ter to Boswell quoted above, Boys: Dr. Samuel Johnson and accounting afterwards completed in the counting-house, by observation of the manner of stating accounts, and regulating books, which is one of the few arts which having been studied in proportion to its importance, is carried as far as use can require. The counting-house of an accomplished merchant is a school of method, where the great science may be learned of ranging particulars under generals, of bringing the different parts of a transaction together, and of shewing at one view a long series of dealing and exchange. Let no man venture into large business while he is ignorant of the method of regulating books; never let him imagine that any degree of natural abilities will enable him to supply this deficiency, or preserve multiplicity of affairs from inextricable confusion. This is the study, without which all other studies will be of little avail... " (Johnson, 1804, vol. i, pp. 236-7)

"It may, however, be laid down as a rule never to be broken, that 'a man's voluntary expence should not exceed his revenue.'

...Another precept arising from the former, and indeed included in it, is yet necessary to be distinctly impressed upon the warm, the fanciful, and the brave; 'Let no man anticipate uncertain profits.' Let no man presume to spend upon hopes, to trust his own abilities for means of deliverance from penury, to give a loose to his present desires, and leave the reckoning to fortune or to virtue." (Bate & Strauss, 1969, vol. iii, p. 308)

Johnson's second rule certainly is very much in line with current accounting practice.

Johnson presents us with something of a contradiction with his views on accounting and the usefulness of accounts. In 1764, Johnson resolves to keep accounts, but at a later date, sometime before 1783, he is telling Boswell that he sees no use in keeping accounts and in 1784 when he was writing to his great friend Mr. Langton, he made the following comment having been asked for certain information: "I am a little angry at you for not keeping minutes of your own *acceptum et expensum*, and think a little time might be spared from Aristophanes, for the *res familiares*" (Chapman, 1952, number 999, 26th August, 1784 and Hill, 1934 & 1950, iv, p. 362).

Although the above examples are concerned with personal accounts, Johnson also knew the importance of merchants keeping accounts of their transactions. In his preface to Rolt's Dictionary, (1756) he wrote:

"The first of the means of trade is a proper education, which may confer a competent skill in numbers; to be

afterwards completed in the counting-house, by observation of the manner of stating accounts, and regulating books, which is one of the few arts which having been studied in proportion to its importance, is carried as far as use can require. The counting-house of an accomplished merchant is a school of method, where the great science may be learned of ranging particulars under generals, of bringing the different parts of a transaction together, and of shewing at one view a long series of dealing and exchange. Let no man venture into large business while he is ignorant of the method of regulating books; never let him imagine that any degree of natural abilities will enable him to supply this deficiency, or preserve multiplicity of affairs from inextricable confusion. This is the study, without which all other studies will be of little avail... " (Johnson, 1804, vol. i, pp. 236-7)

It should be remembered that middleclass educated men in the eighteenth century were more aware of and able to keep accounts than their modern-day counterparts as is evidenced by the number of references to accounting in the eighteenth century literary journal *The Spectator* (Bond, 1965). Accounting (or more precisely bookkeeping) formed part of the curriculum of the writing schools. A writing school was where a boy: "received what use to be called a plain English education, fitting him for a place in a merchant's counting-house, or giving him abundant information to make him competent to learn any business as an apprentice" and "where he was qualified for commercial pursuits" (Scargill, 1829, p. 46).

Johnson should perhaps be regarded more as an economist than as an accountant; the following shows that he

understood the idea of economic value: "when the sale of Thrale's brewery was going forward, Johnson appeared bustling about, with an ink-horn and pen in his button-hole, like an excise-man; and on being asked what he really considered to be the value of the property which was to be disposed of, answered, 'We are not here to sell a parcel of boilers and vats, but the potentially of growing rich, beyond the dreams of avarice.'" (Hill, 1934 & 1950, vol. iv, p. 87)

Johnson appreciated that the brewery would be sold as a going concern; the individual value of the assets was unimportant - what was important were the future cash flows to be reaped from the use of those assets.

Henry Thrale died on 4th April, 1781. However, Mrs. Thrale in her diary of 3rd June, 1781, writes that Johnson was

"something unwilling - but not much at last - to give up a Trade by which in some Years 15 or 16000£ had undoubtedly been got, but by which in some Years it's Professor had suffered Agonies of Terror, & totter'd twice upon the Verge of Bankruptcy".

She continues:

"Johnson was hardest to gain over to my Intentions of quitting, but the small quantity of Cash, the immensity of the Capital, the Consciousness that the Risques we run were ours, the Profits - if Profits - were not to be ours - frightened & convinced him..." (Balderston, 1951, vol. i, p. 499).

The brewery was sold on 31st May, 1781, for £135,000 (Hill, 1934 & 1950, vol. iv, p. 86, n.2)

JOHNSON AS A COMMENTATOR ON CONTEMPORARY BUSINESS

Although his diaries and Boswell's *Life of Johnson* show Johnson's views and practice of accounting, it is his letters which provide a commentary on business and

economics in the eighteenth century. Some of the most interesting comments from the viewpoint of an accounting or business historian are in letters between 1771 and 1783, as follows:

"Nothing very memorable has happened since your departure from London, except the failure of Fordyce, who has drawn upon him a larger ruin than any former Bankrupt. Such a general distrust and timidity has been diffused through the whole commercial system, that credit has been almost extinguished and commerce suspended. There has not since the year of the South Sea been, I believe, such extensive distress or so frightful an alarm. It can however be little more than a panick terrour from which when they recover, many will wonder why they were frightened." (Chapman, 1952, number 275.1, to John Taylor, 15th August, 1772)

Alexander Fordyce was a banker who suffered heavy losses on stocks at the beginning of 1771 as a result of the dispute between the British Government and the Spanish over the Falkland Islands. He managed to soothe his partner's worries by "the simple expedient of showing them a pile of bank notes which he had borrowed for the purpose for a few hours" (Stephen & Lee, 1959-60, vol. vii, p. 431). However, his losses continued and the bank stopped payment on 10th June, 1772. The deficiency amounted to about £100,000.

"The state of the Stocks I take to be this. When in the late exigencies, the Ministry gave so high a price for money, all the money that could be disengaged from trade, was lent to the publick. The stocks sunk because nobody bought them. They have not risen since, because the money being already lent out, nobody has money to lay out upon them, till commerce shall

by the help of peace bring a new supply. If they cannot rise they will sometimes fall, for their essence seems to be fluctuation," (Chapman, 1952, number 891, to Mrs. Thrale, 6th October, 1783)

Johnson's comments not only provide a description of business and economic events in the latter half of the eighteenth century, but he is also able to provide economic analysis of such events; once again showing that he had a sound grasp of economics. For further views of Johnson's on economics, reference should be made to Middendorf (1965), Mathias (1978) and O'Brien (1925), who deal *inter alia* with such subjects as agriculture, wealth, scarcity, poverty, population and production.

CONCLUSION

The writings of Dr. Johnson and those of his biographers provide information about Johnson's views on, and practice of, accounting. His views are all the more interesting because they are not those of a businessman but those of an eminent literary figure. Johnson, no doubt, is not unique; his practices and opinions may well be similar to those of other well-educated men of the eighteenth century.

Historical accounting texts, such as those in the Scottish and English Institute collections, together with extant accounting business records, provide valuable source material for the accounting historian, but the personal reminiscences and contemporary comments of writers are just as important, and offer refreshing insights into attitudes towards accounting in days gone by.

It is appropriate to conclude with an apt quotation from Johnson for contributors to this journal: "No man but a blockhead ever wrote, except for money." (Hill, 1934 & 1950, vol. iii, p. 19, 5th April, 1776)

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REPORT OF THE ACCOUNTING HISTORY RESEARCH METHODOLOGY COMMITTEE

I have pleasure in presenting to the Trustees and the Annual General Meeting of the Academy, my Committee's report on progress during 1988-89.

We have now completed the additional work involved in securing outstanding publisher permissions for some annotated sections of the bibliography of published references on historical methodology and historical method. The resulting text entitled *Methodology and Method in*

History: A Bibliography is now in the hands of the publisher, Garland Publications Inc. We are therefore expecting publication of this text in the near future.

A number of the committee members were able to meet in person at the International Historians Congress in Sydney in 1988 and began to draw up plans for a research methodology conference which we considered to be a logical follow-on exercise to the text. We are pleased to report that we have set a target of mounting a two or three day historical research methodology conference in 1991. Our present intention is to mount the conference at the University of Mississippi in early December 1991. In due course, the committee will be calling for papers for that conference and we will be encouraging the maximum possible attendance from Academy members and other academic accountants with an interest in historical accounting research.

We are treating the proposed conference as a major second step in our undertaking to both provide a methodological resource base for our membership as well as encouraging the development of a greater degree of sophistication in historical methods employed by accounting history researchers.

We commend our report to your attention and we look to all Trustees and members for their support in both purchasing and using the methodology text and in planning to present papers and participate in our 1991 conference.

Lee Parker, Chairman