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WHERE'S THE "R" IN DEBIT?

Abstract: The common abbreviation for the accounting term "debit" is a puzzling one—"Dr." Today, particularly with our depersonalized treatment of the accounting or bookkeeping "debit," there is no obvious clue as to why there is an "r" in "debit" at all. An investigation of the history and evolution of the "debit" in bookkeeping reveals the reason for the abbreviation—a reason almost totally lost without historical perspective. Whereas the accounting "debit" is now viewed as a "technical" term, devoid of any value considerations, referring simply to the left side of a journal entry or ledger account, this was not always the case. Originally, "debits" did have a "bad" side. They were used to record the debts of the merchant or businessman. *Debits* were *debtors*. And the abbreviation for "debtor" is "Dr."

As a liberal arts undergraduate, I spent part of the summer of my sophomore year enrolled in an introductory accounting course at the University of Pennsylvania's highly regarded Wharton School. At an accelerated pace, meeting three hours a day, four days a week, we flew through ledger accounts, journal entries, financial statement preparation — and accounting struck a chord in me. I found its symmetry satisfying. It appealed to my sense of order by its ability to organize and summarize diverse and seemingly chaotic transactions. Even journal entries made sense to me almost from the start. Debit Accounts Receivable, credit Sales Revenue; debit Cash, credit Accounts Receivable; debit Accounts Payable, credit Cash; and so on. I genuinely enjoyed this introduction to accounting EXCEPT for one thing — where's the "r" in debit?

One of the first obstacles in learning (or teaching, as I discovered later) the basics of accounting is the need to dispel the notion of "bad" debits or "good" credits. Students come to accounting having already acquired (or suffered) experience with bank statements and credit card receipts and other everyday exposure to the terms "debit" and "credit." Quite naturally, they assume that the same characteristics which debits and credits possess in those limited situations will apply in all accounting transactions — *viz.* credits are "good" because they add to one's account or worth

(e.g. the bank “credits” one’s account for a deposit or an individual is given “credit” for his accomplishments), debits are “bad” because they are “charges against” or diminish one’s account or value. It is no small task to overcome the years of common-sense experience to the point of accepting that there are no value judgments which can be associated with the accounting “debit” and “credit.” They simply mean “left” and “right.” No more, no less.

After overcoming this first obstacle, I found the use of debits and credits to be nothing less than perfectly reasonable and logical. But I was still troubled by the abbreviations for these two basic bookkeeping terms. On the surface it was easy enough — “Dr” for debit, “Cr” for credit. But wait a minute. Even as a sophomore liberal arts student, I could see how we get the “Cr”; but show me an “r” in debit! Why isn’t it “De”? or “Db”? I’d even settle for “Dt.” Why “Dr”?

This anomaly bothered me enough that I began asking a few accountants, both practitioners and academics, to explain it. Though my research for the “r” in debit was by no means systematic, neither were the explanations I received. These varied widely in intellectual and aesthetic appeal. Perhaps the worst was the totally predictable — “because that’s the way it’s always been done.” Not only was this unsatisfactory because it left unanswered the question — WHY has it always been done that way, but it isn’t even accurate. At various times, in various texts, debit has been abbreviated as “Dr,” “Deb,” “Debr,” “Debtr,” and even as the “Dt” which I was willing to accept as justifiable [Dafforne, 1636; Hayes, 1741; also see excerpts cited in Yamey, Edey & Thomson, 1963]. So the search continued.

One of my favorite theories was that the abbreviation for debit was indeed the entirely logical “De.” At least it was originally “De”; but due to some sloppy handwriting, the “De” was mistaken for a “Dr.” The result was that an unclear manuscript begot a printer’s error in a published treatise. Debit, as abbreviated as “Dr,” was thus memorialized and, what is worse, became accepted as correct. As absurd and outlandish as this theory might seem, it would not be the first time one author’s mistake was perpetuated in another’s work. As Professor Yamey notes in his essay on the development of bookkeeping, “demonstrable errors were sometimes transmitted from one author to another” [Yamey, 1980, p. 81]. Thus, sloppy handwriting may have been the culprit behind the “r” in debit. Too whimsical to be true? Unfortunately yes — but it makes a good story.

Maybe it has something to do with the Italians. After all, the invention and use of double-entry bookkeeping, with its diabolical system of debits and credits, is commonly linked to the development and growth of the great merchant cities of Italy — Genoa, Florence, and Venice [Yamey, 1980, p. 88; Peragallo, 1938, p. 2]. Modern Italian does indeed provide a likely explanation for the abbreviation “Dr” — the Italian word for the accounting term “debit” is *dare*. Finally, I had accounted (no pun intended) for both the “D” and the “r” in “debit.” It was easy enough. I had just been looking in the wrong language. *Dare* seems to be the answer to my sophomoric question. There’s only one slight problem. If the abbreviation “Dr” is from the Italian word for debit, then where’s the “Cr” in *avere*? (*Avere* is the Italian word for the bookkeeping “credit.”) If it was troublesome enough to find an “r” in debit, what will it take to get the “Cr” out of *avere*? Perhaps I had better look elsewhere for the “r” in debit.

Modern Italian seemed a good starting point. Maybe the problem is that it is TOO modern. Lurking a few steps back in time is the reputed “father” of double-entry bookkeeping — the Franciscan monk Luca Pacioli. His *Summa de Arithmetica Geometria et Proportionalita*, printed in Venice in 1494, provides an interesting historical perspective on the development of accounting. Pacioli took no credit (again no pun intended) for inventing the system of bookkeeping he described in his treatise. Instead, he sought merely to present the system already in use in Venice at the end of the 15th Century [Brown & Johnston 1963, p. 4]. This system bears remarkable similarities to the bookkeeping methods we use today — even to the point of having developed fairly stylized journal and ledger entries. Today we have an established format for our journal entries, *viz.* first debit the appropriate account(s), then indent and credit the other appropriate account(s). For example, to journalize the collection of an open account the entry would be:

Cash		XX
Accounts Receivable		XX.

Anyone familiar with modern bookkeeping can identify which accounts are being debited or credited by simply noting the order and position in which the account appears on the page of the journal. Pacioli’s *Summa* reveals a similarly stylized entry. Though in full paragraph form, the recording of a transaction follows a set pattern with the account being debited always being preceded by the Italian preposition *Per* and the account credited being pre-

ceded by another preposition — *A*, thereby revealing, at a glance, the accounts affected by a particular transaction.

Per and *A*? If there's a "Dr" or a "Cr" in the Pacioli debit and credit, I am certainly not able to find it. But this is trying to be a bit too literal, trying to pluck abbreviations directly out of what Professor Littleton calls "technical" terms [Littleton 1933, p. 157]. These "technical" terms — debit & credit, *dare* & *avere*, *Per* & *A* — have all acquired meanings in an accounting or bookkeeping sense quite apart from any other meanings which they may have in other contexts. As noted before in regards to the non-judgmental nature of "debit" and "credit," in an accounting sense, these terms have taken on a simple "technical" meaning of "left" and "right." But initially at least, these terms had other non-accounting, non-technical meanings. These other meanings may well shed some light on the rather peculiar abbreviations we use today.

The modern Italian *dare* and *avere* are derived from the Latin *debent dare* and *debent habere* and are the equivalents of the English verbs "to give" and "to have." A similar, though somewhat condensed meaning can be given to the Pacioli prepositions *Per* and *A*. These can be literally translated as "for" and "to." Finally, the English "debit" and "credit" can be traced to the old Italian words *debito* and *credto*, which translate as "oweth" and "trusts," respectively [Jackson, 1956, p. 296; Baladouni, 1984, p. 108]. Combining these terms into one thought, one could say that the *dare/Per/debit* entry refers to a person who owes something and is obligated to give to another person for goods or services which that other person has provided. The *avere/A/credit* entry represents the other side of the transaction — i.e. the person to whom an obligation is owed, who has a right to have something paid or returned to him by the "debtor" inasmuch as he has entrusted this other person with his goods or services. In short, these "technical" terms were originally used to summarize and record personal debt relationships among merchants — they recorded debtor-creditor transactions.

Debtor and *creditor*? At last — the "Dr" and the "Cr"! These simple abbreviations are for the English translation of Italian terms denoting the parties to a debt relationship. Can it really be so easy? Does it really explain the "r" in debit? After all, "debits" are used in all kinds of transactions which have nothing to do with debts or liabilities to creditors. In fact, if "Dr" is short for "debtor," then we are thrown back into the old problem of "good" credits and "bad" debits because certainly the "debtor" status is unfavorable

and the position of the "creditor" is preferred and superior. So value judgments do apply to the accounting "debit" and "credit." Right?

Wrong. Though it is true that ledger accounts and journal entries were originally developed to note debt relationships among merchants, their use was expanded to cover an increasing number of business dealings. A fiction was created whereby accounts totally unrelated to the original debtor-creditor status became "personified" and treated, for bookkeeping purposes at least, as either a debtor (debit) or creditor (credit) [Littleton, 1933, p. 49]. As one writer notes, "it became the practice to extend the meanings of the term 'debit' and 'credit' beyond their original personal connotation and apply them to inanimate objects and abstract conceptions . . ." [Jackson, 1956, p. 295]. In the process, "debit" and "credit" lost their original characteristics of being "good" or "bad"; and also lost was the rather obvious source of the "r" in debit.

A look at the complete titles of early English treatises on the "Italian" system of double-entry bookkeeping confirms the origin of the "Dr" abbreviation. The first known English text, printed as early as 1543 and reprinted by Mellis in 1588, bore the descriptive title —

Here ensueth a profitable treatyce called the instrument or boke to learne to knowe the good order of the kepyn of the famouse reconyng, called in latyn Dare et Habere, and in Englyshe *Debitor* and *Creditor*.

A similarly long and descriptive title was given to Richard Dafforne's master-work, published in London in 1636, as —

The Merchants' Mirrour: or, Directions for the Perfect ordering and keeping of his Accounts, Framed by way of *Debitor* and *Creditor*, after the (so-tearmed) Italian manner: containing 250 rare Questions with their Answers.

The use of the terms "debitor" (or "debtor") and "creditor" in describing the proper methods for the recording of transactions and the keeping of books is indeed the rule rather than the exception in these early works. In fact, it was not until quite recently that the use of the mere technical terms "debit" and "credit" became the vogue [Jackson, 1956, p. 312]. Contrast the rule of double-entry as enunciated by Mellis in 1588 with the explanation offered by a modern accounting text.

Know yee for certaine that for euery one parcell that is sette in your Journall ought to bee made two parcels in your Leager, that one in *Debitor*, and that other in *Creditor*, aforesaide for each of them ought to be one parcell by himselfe in the Leager [Mellis, 1958].

The double entry rule states that when recording each transaction, the total amount of the *debit* entries must be equal to the total amount of the *credit* entries for that transaction. Thus for each recorded transaction there must be at least one *debit* entry and one *credit* entry (although there could be more entries of each type), and the total amounts must be equal [Nikolai & Bazley, 1983, p. 40].

As Littleton concludes, this modern presentation of the bookkeeping "procedure now leads one to think of *debit-entries* waiting to be posted, not *debts* or *debitors*; that is, to think of 'accounting units' to be transferred or tabulated and not of personified obligations" [Littleton, 1933, p. 233]. It is small wonder that the accountants I had asked knew nothing of the "r" in debit. They had been taught an abstraction, just as we now teach an abstraction, which is unrelated to the very real and personal dealings for which "debits" and "credits" were used in helping merchants remember who owed whom what. As Professor Baladouni concluded in an article which recently appeared in this journal, "the modern meaning of debit and credit cannot in any way be related to the original words [Baladouni, 1984, p. 108]. And without the knowledge of the use of the original words, the "r" in debit cannot be found.

Now the mystery is solved — "Dr" is an abbreviation for "debtor"; "Cr" is short for "creditor." But when were these abbreviations first used? Certainly by the 18th century, writers on the methods of bookkeeping were using "Dr" and "Cr" extensively [Yamey, Edey & Thomson, 1963]. Littleton has traced the use of "Dr" back to 1690 in Stephen Monteage's *Debtor and Creditor Made Easie* [Littleton, 1933, p. 232]. However, there are even earlier uses of the dreaded "Dr." The 1690 treatise cited by Littleton was the third edition of Monteage's work. Both the first (1675) and second (1682) editions use this abbreviation, first in describing the proper keeping of the "Country Gentleman's" accounts, and then throughout the remainder of the text.

Dafforne's *Merchants' Mirrour*, cited earlier, appeared in editions dated 1635, 1636, 1651, 1660, and 1684. The "Dr" abbreviation appeared in the 1636 and later editions, along with other abbrevi-

ations — "Debtr," "Dtr," and "Debr," and may well have been used in the 1635 edition, though I have not been able to find a copy of this earliest printing. (The 1635 and 1636 editions appear to have been the same in every way except for the year in which they were printed and are, therefore, usually cited as the same First Edition of Dafforne's work.)

An even earlier treatise, Handson's *Analysis or Resolution of Merchant Accompts*, contains the abbreviation in both its third (1633) and fourth (1669) editions. The first and second editions may well also use the "Dr," thereby moving the first appearance of this abbreviation back to an even earlier period, but, as with Dafforne's earliest printing, I have not been able to locate copies of these editions of Handson's work.

In sum, even if the "Dr" makes little sense today as an appropriate abbreviation for "debit," it does have quite a long history behind its use. Where's the "r" in "debit"? Today it's in convention; but the basis of this convention lies in the history and evolution of accounting and the need of businessmen to remember who owed whom.

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