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## Editorial

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# The JOURNAL of ACCOUNTANCY

*Official Organ of the* AMERICAN INSTITUTE OF ACCOUNTANTS

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A. P. RICHARDSON, *Editor*

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## EDITORIAL

### Our Brobdingnagian Past

There are merits and advantages in this depression about which so many tears are shed and such lugubrious moanings are uttered. It is not all bad, nor even all sad. If one knows where to look—or, better yet, knows how to look—he may find some very pleasant spots down here in the shadows of the valley. The sun may not shine so brightly as it does on the heights, but it does shine and there is a good deal of cool shade about us where we may rest for a while before we set out to climb the next hill of prosperity. Many of us are learning what we had forgotten or perhaps had never known before. We had been striding along on the hills so long that we had overlooked the valleys, without which there can be no hills at all. We had held our heads so high that we had not been able to see the beautiful things beneath our feet. We imagined ourselves giants greater than all other men—we who had accomplished such vast success. It was quite certain that the wealth and the glory of our achievements were wholly the result of our own overwhelming ability. We were the people and wisdom would die with us. Anyone who had a dollar could make of it two, and of the two four, and so on indefinitely, we thought. It was all so easy to us in our great strength and stupendous knowledge. We could not do wrong. We could not fail. We felt that the rest of the world must derive a healthy spirit of emulation from the mere sight of our tremendous accomplishment.

It was enough to arouse the backward peoples to renewed hope simply to see us as we went our way from height to height. We were very great indeed. All men who came before us and all who would attempt to follow after us would surely marvel as they beheld the might and infallibility of us.

**It is Kindlier  
in Lilliput**

Now that sense of transcendent importance is apt to be a little wearying to our friends and neighbors. Furthermore, it is awkward when the inevitable fall occurs. People are going to say "Aha, aha." The higher we go, the lower and the faster the descent will be. However, there always is the ebb where there has been the flow, and now that the ebb has reached, and probably passed, its time of lowest tide, it is well to look about and see what is to be seen. The lamentations are diminishing. Bitterness is left behind. We are finding some rather cheery things. The treasures of the sea are revealed at low water. What are these pleasant things? Well, for instance, let us consider the greater kindness which is evident everywhere. When one has been threatened by starvation he can sympathize with those who are hungry. We may not have so many dollars to give as we had, but we are giving more in proportion to our income—at least the reports of many eleemosynary institutions indicate that. And anything, even distress, if it makes for greater kindness, is well worth while in the long run. The world can absorb an enormous amount of that nourishment without becoming over-fed. The kindness is to be found on all sides. Even if the danger of actual want be far removed, it is visible to everyone, and he or she who rides in state has learned to look with friendly eye and a certain anticipation upon those who stand and wait. There is less arrogant assurance, less willingness to admit superiority. It affects us all from the lowest to the highest, this sense of humanity. And, if there be no other good from all these months of fear, we can at least be thankful that they have cleared away the mist of imagination and shown everyone the stark reality.

**We Have Leisure**

Then there is the question of leisure which has to be considered. There was once upon a time a deal of respect for leisure and its appurtenance.

Men and women in those halcyon days used to think of their leisure as a blessed factor in the sum of their lives, and they studied to employ it for betterment of mind and the cultivation of civilization. They were good, quiet old days when men and women could sit and read and think—and then talk; for talking, after reading and thinking, becomes a fine art, in contradistinction to that kind of talking which is unprepared and founded upon nothing but vacuity. Men and women knew how to play and to make the most of the world in which they lived and moved and wrought beneficently. But when work, which is meant to be only a little part of the scheme of things, became a god instead of a servant, and wealth was the head of the pantheon, we had no time for leisure. It was locked away in a cupboard, of which the key was nearly lost. We rushed about in a wild scramble for something which we did not exactly define, and we had no opportunity to think of the amenities. Even if we left office or exchange for an hour or so, we feverishly labored at an artificial substitute for genuine recreation and fun. We worked very hard to play and could not find the secret of it, for that was locked away in the cupboard with leisure. But when there was no more work and, perhaps, even the office had ended its régime, we began to remember leisure and we sought for the key to let it out again. We had more time than we knew how to use.

**And Are Learning  
Its Use**

Forced idleness is not the happiest form of leisure, but in lieu of any other it serves a purpose. It would be far better if rid of the accompanying dread and want, but perhaps out of the necessity to pause may come an ability to employ the interim. Folk of some other lands know how to play and to enjoy life far better than do the Americans, and they get as much out of their little span as we, because they really put more into it. The British people talk of the "leisured classes" and that is an unfortunate expression because the word "classes" is abhorrent to every true democrat. (Do any true democrats survive the shock of their severely shaken form of government?) It would be better to speak of leisured people, irrespective of class or caste or position. Everyone is entitled to a fair share of leisure and is to be encouraged to make the most of it. There is, however, a difference between leisure and doing nothing. It is often ignored

and the two conditions are regarded as the same. The leisure of any man is a vitally important part of his life and happiness. Someone has spoken of leisure as the margin of life, but it is more than that: it is part of the text. The compulsory leisure of the present season is not enthusiastically greeted, but it may be a godsend nevertheless. It may acquaint us afresh with the possibility of making good use of time which is not scheduled, plotted, laid out with mathematical precision. It is recorded that during the rush and turmoil of the so-called prosperity, men would measure their golf or yachting by the hour or the minute. They were miserably afraid that a seven at the eighth hole would interfere with an engagement to discuss business. Can that be sport? We have more time now, and a seven, or even a ten, will not conflict with trading. Probably all games, as well as the game of life, have been helped in point of true sportsmanship by the dull times.

**Reversion to  
Courtesy**

There is another blessed effect of the depression—but depression is a vile word. Would it not be better to say our time of adjustment? Whatever it be called, it makes for courtesy, which is something quite apart from the kindness about which we have been thinking. One may find courtesy where experience had led one least to expect it. It is even reported that in retail shops there has been an attempt to return to the courteous old customs of fifty years ago, when the people who were selling to the persons who were buying felt a sense of something almost like hospitality, and the prospective purchaser was really welcome. It is on record, written by unimpeachable authority, that in certain shops everyone has been polite to every shopper. Now that is a great change, at least in metropolitan ways. It will seem strange not to be kept waiting while the amorous activities of the preceding evening are fully rehearsed by the staff of sales folk. Perhaps we shall come to a time when it will be possible to go into a shop and buy something quickly and walk away contented without a memory of supercilious inattention. In even stranger places the same alienated spirit of courtesy is returning. Conductors of street cars, drivers of omnibuses, newsboys, factory hands are walking softly. They have time to reply politely to their employers. It is quite remarkable and it is true.

**Even Thankfulness  
Appears**

And there is a further thing coming up out of the mists of hard times, and that is the spirit of thankfulness. We do not today take what is given us as a matter of course. We are almost inclined to say, "Thank you." Some of us even go so far as to say, "Thank God, we have work." We are beginning to follow the admonition of the hymn writer and to count our blessings. It is a pleasant pastime and healthful. There are so many things in which we may rejoice that it is well to have time to look at them and count them and set them down in the catalogues of mind and memory. If those of us who think we are undergoing dreadful ordeals today would visit some of the less favored countries and spend a little while, we should come back and admit, if we were truthful, that what we consider sorrow or hardship is the very quintessence of gladness and peace. This little interval between our prosperities gives us an opportunity to think about all these things. Probably if we could raise ourselves to a point above the near circumstance we should be able to look down with better perspective and be able to value properly success and failure, as we count failure. If one could step ten years into the future and look back to 1929 and 1930 and a part of 1931, he would probably say, "During those years there was a let-down in energy and there was great fear and trembling, and yet it was a good time and everything was making ready for the better time that followed it." We can't step ten years ahead, but even here we may admit, if we are honest, that there are many good things down here where the shadows are long and the hillsides high above us.

**Our Lack of  
Detachment**

One of the chief troubles, of the many which beset us in our essay to set our feet on the path up from the depths, is the inability of each one of us to forget that the burdens which each carries and the haze before the eyes of each are not common to all. The man whose thoughts turn to the buying and selling of securities—though why some of those paper pledges are so called no one knows—thinks that the whole whirl of nature turns upon the wheel of the stock ticker. The stars in their courses are checked or sent spinning onward as the bears or bulls roar the louder. The village cobbler in *Pile o' Bones* can not see the coming of prosperity while the price of beeswax is high. The housewife of Jonesburg knows that no good can come with mutton chops where

they are. The farmer of Big Breeze County is quite well aware that the grasshopper is kicking prosperity away into Canada. The Democrat can explain why the administration is playing the devil with our ducats—and the Republican could do as much if he were out of office. And in Wall Street everyone knows that the sun will not shine upon even an acre of the globe while the stock market wallows in the slough. We are overwhelmed by the importance of the things which are close before us—things which our neighbors perhaps can not see at all. It is only among the wise men that broad vision is—and the wise men are so scarce that the store of their knowledge is not enough to supply all of us. So we grope behind the motes in our eyes and wonder where the light of day has gone.

**There Is Territory Beyond Wall Street**

That is why so many of the men who stand weeping in Wall Street are not to be comforted. They can not see over or through the walls of that well-named alley, and they think that the precession of the equinoxes is ordained by the rise and fall of prices of things which in themselves have no intrinsic value at all. So it is quite probable that one will hear a group of bankers or brokers or speculators discussing the hard times and laying the long duration at the door of the market. Yet these very men know well, if they study the history of the financial tides, that the market never does anything but follow. It never originates a movement of any kind. When business as a whole goes forward the market lags behind and never catches up until the progress has been checked. And when there comes a time of recession, of hesitation, it is never known to the stock market until the halt is nearly ended. This is not fond theory; it is demonstrable. And it does seem rather ridiculous to beat the breast and cast ashes on the head at the Wailing Wall Street, simply because the market is doing what it has always done. Now there are goodly signs of having passed the deepest point. Surplus stocks of merchandise of most kinds have gone. Shelves are empty. Some of the so-called basic commodities are superabundant, but what mill and factory make must soon be in demand. Stock exchanges and their devotees can not change the great swings of dearth and plenty. All they can do and will do is to follow after, a rather long way after. There is nothing especially gladsome about the present prices of stocks and bonds, but it might be a good plan to

try to look away from the ticker tape and see what is happening where the world is at its business of marching on.

**Salvage from  
Oblivion**

It is the custom in every well-regulated office—and who will admit that his office is not well regulated?—to consign to the waste-paper basket all anonymous correspondence, but sometimes it is entertaining, if nothing else, to look at this correspondence as it passes on its way to the ultimate destination. There are several forms of anonymity. For instance, there is the young man who signs an almost illegible name and forgets to give his address. Then there is the man whose signature is totally illegible and his address is merely the name of a city. And there are various other ways of avoiding identification. It is not important, however. As a rule the man who has something to say is not afraid to say it and to admit that he is saying it. Among those communications which were traveling the steep descent to the waste-paper baling machine was a letter signed by someone whose last name is charmingly vague. Let us listen:

Why don't you own up to the fact that the accountancy profession today is nothing more than a racket?

A very large accounting firm, for whom I am now working, has among its members men who are acquainted with officials of several banks. These men from our office continually hang around these banks. When a new account is opened in the bank, the official of the bank immediately introduces the depositor to our representative. This bank official advises the depositor to retain our firm accountants, with the advice that it will help the depositor materially in obtaining credit from the bank.

I do not believe that these officials render this service to our firm for nothing.

I dare not give my address for I am sure that I would lose my job if I did so.

This is a silly, spiteful letter in some ways, but there is about it enough of argument to merit a little thought. There may be accountants, so-called, who pay commissions to bankers, and there may be bankers who accept bribes. Anything of this kind is possible in any vocation. But it would be wholly astonishing to learn that such a practice was common.

**Another Voice from  
the Darkness**

And another man, who admits that he is a citizen of no mean city, sends a clipping from a newspaper, advertising for a certified public accountant to start work at a salary of \$2,500. The correspondent can not be identified. He says:

The writer has been with some of the large firms of certified public accountants and knows what the situation regarding the employment of staff assistants is.

Such firms don't want Institute employment bureau college men at \$125 a month. They want men who are willing to work for \$75 per month to do mere clerical work. They want the burden of the engagements on the shoulders of seniors with C. P. A. titles who are willing to work for \$2,500 per annum as the advertisement is proof of.

There may be racketeering in the building and other industries but the large scale professional service contractors such as the certified public accountants in many instances are getting to be racketeers of the worst kind and you can rest assured all those men who leave public accounting work and go into private practice are well aware of this fact. There is nothing which brings such disrespect for public accountants as this very thing. Won't you please either publish this letter in the *JOURNAL* or make comments on it therein or in the monthly *BULLETIN* to Institute members? If this thing doesn't stop the writer is going to bring it to the attention of the American Bankers Association, the Robert Morris Associates, the National Association of Credit Men, and the important chambers of commerce in the United States, and you can be sure it will be the most thorough sock between the eyes that the public accounting profession has ever received in the United States.

This man is simply absurd. We have published the letter—and, as we do not expect the mere fact of publication to bring about transformation in the whole scheme of things, it may be brought to the attention of the associations mentioned by the writer of the letter. Then the public accounting profession is to receive that “most thorough sock between the eyes.” One would think that an employee of an accounting firm would have sufficient knowledge of accounts to realize that it is not possible for accounting firms to pay the men who work for them all that they receive for the work which those men do. Does our correspondent overlook the little item of overhead, and would he have the members of firms conduct their practices without compensation at all? Overhead in an accountant's office is not what it is in the case of factories or mills, but it has to be met. It is true, undoubtedly, that in some cases the salaries paid to staff accountants are unreasonably low. Some firms have been guilty, and perhaps some still are guilty, of injustice to their employees. Everyone who has the interests of the profession at heart deplors this condition, but it is not common. For the most part accounting firms are fair to their men, and it is usually found that those who make the most complaint are those who do the least work. The trouble with the writers of the two letters that have been quoted is that they are in love with the word “racket.” Many people today think about “rackets” and imagine them whether they exist or not. There may be a “racket” in accountancy, but the income of the average accountant during the past two years does not indicate that it is sufficiently profitable to be worth while.

**An Old Friend  
Revived**

Now comes another correspondent who adopts the altogether original pen name "Pro bono publico," and he writes from a city where flour is wont to be made. He says:

The local manager of a nation-wide accounting organization informed the writer that they do not employ anyone over thirty years of age. On the face of present conditions such a policy should receive the greatest condemnation by all right-minded persons. There are a number of experienced accountants here over thirty years old who simply can not find employment and no attempt is being made to stabilize things and divide the work, where it exists. During the winter rush, men of experience and mature years are preferred in other firms where there is real work to be done, but last winter there was, alas, no rush. There is only one thing to do. Let those who have been drawing their salaries for years without a break take a good long vacation and give others a chance of earning even a part of their living expenses.

It is impossible to avoid a feeling of regret for the idleness of "Pro bono publico." He is writing seriously, although it is difficult to believe it. He seems to expect someone to resign and make a place for him. It is impossible to think of a more naive suggestion. But even if there were an inclination to such an act of self-abnegation, what would the employer say? However, we need not worry greatly about that, for we have not come into the land of heart's desire.

**Power Costs**

In this issue of THE JOURNAL OF ACCOUNTANCY we begin the publication of a series of three articles by John Whitmore. These articles deal with various aspects of the cost of power, and they discuss in a way which we believe to be quite original some of the most important factors in such costs. There is far too great a tendency to overlook the amount of waste which may occur in the creation and distribution of power, and Mr. Whitmore, with his long experience in various important industries, speaks with an authority which is worthy of careful consideration. We are confident that these articles will be read profitably by all who are interested in questions of cost.