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American Institute of Accountants. Committee on Public Affairs

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Report of
Committee on Public Affairs

To the Council of the American Institute of Accountants
REPORT OF COMMITTEE ON PUBLIC AFFAIRS.

To the Council of the American Institute of Accountants:

This report of the Committee on Public Affairs covers, in summary form, the activities of the committee from April 14, 1924, to August 31, 1924. The report supplements the report of April 14, 1924, in which details were given of the organization of the Bureau of Public Affairs and of its activities to that date.

This committee has ever kept in mind the rendition of public service on the part of the Institute and of its members and associates. In selecting the work to be done, the primary test has been: In what way can the abilities of the members and associates of the Institute, and the limited financial resources at command, be made most productive for the benefit of the business public?

If the committee has had any thought of publicity, it has been merely the belief that effective public service invariably increases the stature and the standing of the individual who renders it, and the influence of any organization of which he is a part. This idea of public service is rapidly becoming a working policy of the Institute—a policy that we believe will rapidly develop the influence of the Institute and its members and associates throughout the entire country.
Classes of Work Undertaken.

In carrying out the plan of work outlined in the previous report, the committee has conducted the following activities:

1. The encouragement of the use of arbitration in the settlement of commercial disputes.

2. The presentation and encouragement of measures designed to combat the crime tendency as related to financial affairs.

3. The development of public opinion favorable to the appointment of practicing accountants to the United States Board of Tax Appeals.

4. The encouragement of public-speaking activities on the part of members and associates and the provision of speakers for meetings of public, quasi-public and technical organizations.

5. The encouragement of writing activities on the part of members and associates and the furnishing of articles to newspapers and periodicals.

6. The securement of newspaper publicity for the various activities of the Institute.

7. In general, the conduct of correspondence, interviews and administrative work incident to the operation of the Bureau of Public Affairs.

Your committee will now report in more detail with respect to each of the classifications of work given above.

The Encouragement of the Use of Arbitration in the Settlement of Commercial Disputes.

Letter-Bulletin 1, as formerly reported, was published under date of May 6, 1924. Altogether 8,000 copies of this letter-bulletin, requiring four editions,
have been printed. A widespread interest in the subject has been developed, and your committee is in direct contact with the committees of a number of chambers of commerce and other organizations that are working on the furtherance of commercial arbitration. Members and associates are everywhere rendering effective aid in this movement.

In some instances the work in progress consists of the encouragement of the use of arbitration under existing arbitration statutes; in other instances the work is directed to bringing about the amendment of arbitration statutes, in order that they may conform substantially to the model laws now in effect in New York and in New Jersey, and in still other instances the work involves the arousing of public interest in the enactment, for the first time, of arbitration laws. In a number of instances the committees, in close cooperation with this committee, are making a survey of existing conditions.

All this work has been done with the hearty cooperation and support of the Arbitration Society of America. Your committee understands that the American Bar Association is drafting a model arbitration law and will lend its influence to the enactment of the law in the various states now without satisfactory arbitration legislation. It seems probable that the use of arbitration for the settlement of commercial disputes, by reason of the work of these organizations and that of the Institute, will rapidly extend to every state in the Union.

The Institute, by passing the arbitration resolution at the annual meeting in September, 1923, and by the work of its Committee on Public Affairs, has identified itself favorably with a movement that
promises to be one of the most important commercial developments of this generation. If the movement grows, and if the present relation of accountants to arbitration is maintained and developed, the arbitration of commercial disputes will within a few years become an important and dignified part of the professional work of accountants.

Regardless of the ultimate possibilities of this work, there are current returns that fully compensate for all the expenditures made. Direct contacts and friendships have been established with hundreds of chambers of commerce and trade organizations, and the Institute is allied with the Arbitration Society, the American Bar Association and other organizations that are taking the lead in this movement. It is obvious that practicing accountants, who are more favorably affected by arbitration legislation than are the members of any other profession, should take a leading part in this work.

Many instances have come to the attention of the committee in which accountants have already rendered important services as arbitrators. The widespread discussion of this subject among accountants and business men, by reason of the printing and distribution of Letter-Bulletin 1, has, no doubt, resulted in many engagements of accountants as arbitrators that would otherwise have not been made.

The Presentation and Encouragement of Measures Designed to Combat the Crime Tendency as Related to Financial Affairs.

The preparation, printing and distribution of Letter-Bulletin 2 on "The Crime Tendency" has been an
important part of the work of the committee during the months of July and August. The committee has already printed and distributed 50,000 copies of this letter-bulletin, and another edition of 50,000 copies is being printed. The public interest in this document is shown by the fact that 24,000 copies have been applied for by various companies and organizations, the cost of printing being reimbursed to the committee. Considerable incidental expense has been borne by other organizations in distributing the bulletins, and the committee was even offered by one organization a small cash contribution for use in the committee’s work.

This bulletin is being distributed to 700 trade publications; to 220 chambers of commerce; to all national banks with a capitalization of $50,000 or more; to a selected list of private bankers and note brokers; to the 30,000 members of the National Association of Credit Men; to 500 trade organizations; to all members and associates of the Institute, and to many individuals—business men, members of chambers of commerce, members of trade organizations, accountants who are not members of the Institute, and the like. The N. W. Ayer Advertising Agency, of its own volition and at its own expense, made a complete summary of the letter-bulletin and sent it to 1,800 newspapers.

The article has been reproduced in full in many trade and technical periodicals, and references have been made to it in hundreds of newspaper editorials and articles. The interest aroused by the document is evidenced by editorial comments, in some instances a half column or more in length, in leading news-
papers, such as the Boston Transcript, the Springfield Republican, the New York Times, the New York World, the Portland Oregonian, the Boston Post, and scores of others that could be mentioned. In each of these articles the name of the Institute appears at least once, and in several instances it appears two or three times. Certainly few documents issued by professional societies have received the news and editorial recognition that has been accorded to this letter-bulletin.

The work of the committee, to be most effective, must be performed with close regard to current public interest. This interest in a subject creates a demand for authoritative facts, and the Institute should stand ready, on short notice, to furnish authoritative information on any subject of public interest upon which accountants may be presumed to have technical knowledge. If the work of the committee had been organized at the time the Mellon plan was given to the public last year, a result similar to that obtained with Letter-Bulletin 2 could have been secured. An authoritative and nonpartisan treatment of the subject by the Institute would have received instant recognition in every part of the country. The opportunity may present itself again if a revision of the tax law is undertaken at the next session of Congress. If so, your committee should be in position to render the public immediate aid by furnishing detailed information and suggestions. The accountancy profession is the greatest repository of detailed information on this vital subject, and it is neither patriotic nor wise for accountants to shirk the responsibility that the possession of this knowledge places upon them.
Certain subjects to be featured by the committee will not, of course, have the news value of the current letter-bulletin. However, it is likely that there will be one or two opportunities each year for the Institute to obtain widespread publicity for its views and recommendations. Your committee should have authority and resources to take immediate advantage of any extraordinary opportunity that arises for serving the public in accountancy and related matters.

The distribution of Letter-Bulletin 2 was begun during August, and is not yet half completed. This work applies principally to the year beginning September 1, 1924, and the costs incurred should properly apply to the budget of that year.

In connection with the printing and distribution of Letter-Bulletin 2, it was deemed advisable to print and distribute an official list of the members and associates. In distributing Letter-Bulletin 1 to chambers of commerce, each chamber of commerce was supplied with a special list of the names and addresses of the local members and associates of the Institute. This procedure was found to be both expensive and difficult. A complete official list, therefore, was printed for use in connection with the distribution of Letter-Bulletin 2. The original edition was 10,000 copies, and these were distributed to members and associates, to chambers of commerce, banks and other organizations. When the opportunity was obtained to distribute Letter-Bulletin 2 to 30,000 credit men, your committee considered it highly desirable to place in the hands of each one a copy of the official list. A second edition of 30,000 copies, therefore, was printed and will be sent to credit men with the letter-bulletins.
On the cover of the official list a statement is made that the list is prepared for distribution in connection with the work of the Committee on Public Affairs. Your committee considered it better to make the distribution an incident to the public-service activities of the Institute rather than to make the distribution primarily for the purpose of providing a list to which reference could be made for professional purposes.

Your committee believes that the list should be revised semiannually, and that a current list should be supplied every six months to bankers, credit men, chambers of commerce, trade organizations, and to all other individuals and organizations that are likely to have occasion to determine, for public service or other purposes, whether or not a particular individual is a member or associate of the Institute.

The Development of Public Opinion Favorable to the Appointment of Practicing Accountants to the United States Board of Tax Appeals.

President Gore, who has been, in conjunction with various committees and officers of the Institute, in close contact with Federal tax legislation and procedure, sought the services of the committee in obtaining editorial and news comment with respect to the desirability of the appointment of practicing accountants to the United States Board of Tax Appeals.

Your committee undertook, therefore, the development of the desired favorable public opinion. It immediately appealed to local members in various cities throughout the country for assistance in the matter of obtaining the desired news and editorial publicity.
A very satisfactory response was obtained and editorials appeared in many papers throughout the country, including the Dallas Times-Herald, the Portland Oregonian, the New York Commerce and Finance, the Seattle Times, the St. Louis Globe-Democrat, the St. Paul Pioneer Press, the Sacramento Bee, the Columbia State, the Cleveland Plain Dealer, the New York Times, the Omaha World-Herald, the Atlanta Journal, the Louisville Courier-Journal, the Wilmington Every Evening and the New Orleans Item. In addition, an article was sent at the request of your committee over the wires of the Associated Press to newspapers throughout the country with the result that many papers printed news articles on the subject. The attention of the public in all parts of the country was thus drawn to the personnel of the new tax board, and it is hoped that the sentiment aroused will influence the President to appoint accountants to fill the places still vacant.

In addition to the primary purpose of this work, the name of the Institute and the professional work of accountants generally were brought to the favorable attention of the general public. It is an interesting fact that several of the newspapers that commented editorially on this subject within two or three weeks commented editorially on Letter-Bulletin 2, dealing with The Crime Tendency. Several printed both news articles and editorials on the subject. The importance of thus securing repeated editorial and news space in a particular newspaper cannot be overestimated, as the name of an organization thus recurring becomes fixed in the minds of the readers. Ed-
itorial recognition, particularly in the leading newspapers, is much more difficult to obtain than recognition in the news columns.

An important by-product of this work was the development of local support on the part of the membership. A number of the accountants who gave assistance in this work will represent the committee regularly for the purpose of obtaining local newspaper publicity. Certain news articles, such as ones relating to an annual meeting, can be handled through the general press associations. There are other matters, however, that are essentially local in nature and must be handled through local representatives. The aid of local accountants, therefore, is of great importance in the work of the committee.

The Encouragement of Public-Speaking Activities on the Part of Members and Associates and the Provision of Speakers for Meetings of Public, Quasi-Public and Technical Organizations.

Your committee has made but little more than a beginning in the matter of providing public speakers. An appeal was made early in the year to the members and associates for information as to their activities in speaking and in public-service affairs. The apathy of the membership is shown by the fact that only one member or associate in sixteen has paid attention to the request of the committee for information. Notwithstanding this discouraging response, much valuable information was received and a number of members and associates offered to help by making speeches or in obtaining speaking engagements.
It suffices to say that speakers have been provided for various programs given by organizations throughout the country and a number of radio talks have been given by members and associates upon matters of public interest. In fact, several noteworthy speeches have been made under the auspices of the committee. In addition to this work the committee has been able to co-operate to some extent with various chapters of the Institute and with the committee in charge of the annual meeting in matters relating to programs. It is believed that the committee can render an important service to the various committees in charge of Institute programs, particularly as to suggesting topics and speakers that would insure newspaper publicity. It is believed that no program should ever be given by the Institute or by an Institute chapter that does not include subjects directly related to serving the public on some matter of current interest.

The work of providing speakers is capable of great development, and the public service work of the Institute will be greatly aided when your committee has available in every community of the country speakers who can talk effectively on matters of current public interest. The proper development of this work will require eventually the entire time of a secretary. In the proposed budget for the year, beginning September 1, 1924, provision was made for one secretary to take care of press matters, and during the ensuing year this secretary could devote, in addition, a considerable part of his time to the development of speaking activities.
The Encouragement of Writing Activities on the Part of Members and Associates and the Furnishing of Articles to Newspapers and Periodicals.

In the encouragement of writing activities on the part of members, your committee has been able to collect a number of excellent technical articles prepared by members and associates, and additional articles are now in course of preparation.

Your committee now has requests for several articles for trade publications. It has also secured the publication of the material contained in the two letter-bulletins, either in whole or in part, in a large number of newspapers and trade publications.

A mere start has been made in this work. If the proposed budget is adopted the additional secretary will have time to develop this work satisfactorily in connection with the other activities of the committee.

The Securement of Newspaper Publicity for the Various Activities of the Institute.

In the matter of newspaper publicity your committee has secured the publication of many articles relating to the annual meeting to be held at St. Louis. Various notices have been prepared and given to the press associations, the anniversary nature of the meeting and the attendance of foreign accountants being featured. If widespread publicity of this kind is desired by the Institute, care should be taken in planning programs to obtain one or more speakers of national prominence and to have subjects up for discussion that are immediately related to current public interest.
Your committee has offered its services to the committees in charge of various regional meetings. In all instances cordial responses have been received and in a few cases your committee has been able to render effective assistance. As the work of the committee progresses it will often be practicable, no doubt, for the committee, because of its press connections, to render assistance to the committees in charge of the programs of regional meetings.

Your committee has been successful in obtaining local newspaper publicity as regards the admission of members and associates to the Institute. When an accountant is admitted to membership the newspapers in his local city are supplied with the facts, together with a brief statement covering the aims of the Institute and its rigorous rules of admission. Many of these articles have been printed and much desired publicity has thus been obtained for the Institute and its work.

It should be borne in mind that notwithstanding the results already accomplished little more than a beginning has been made in any of these matters. The results will perhaps be more fully appreciated when it is considered one secretary has prepared the copy and conducted all the press activities as an incident to the heavy work of printing and distributing the letter-bulletins and of conducting the heavy correspondence that has developed as the work progressed.

The Institute was told two years ago, at the time that an advertising expenditure of a half million dollars, extending over five-years time, was in contemplation, that such an expenditure would be neces-
sary in order to obtain news publicity. It is a common fallacy thus to associate paid advertising with general news publicity. Your committee submits the results obtained as convincing proof that the best and most exclusive newspaper space in the country can be obtained in recognition of public service on matters of current public interest. It can be accepted as an axiom that the impress of the Institute upon the general public will be in direct relation to the character and amount of its public service. If the service is opportune and important, and if the incidental matters of making its work known are handled effectively, the name of the Institute will soon be well and favorably known to citizens in every part of the country.

In General, the Conduct of Correspondence, Interviews and Administrative Work Incident to the Operation of the Bureau of Public Affairs.

Your committee has found itself confronted with the task of handling a large amount of correspondence. The distribution of the letter-bulletins has naturally brought many inquiries, both from members and associates and from business organizations and business men. A dignified but cordial style has been adopted in the correspondence, and the committee has for months been busily engaged in building friendships for the Institute with newspapers, trade publications, trade organizations, chambers of commerce, banking organizations, credit men’s organizations, Rotary Clubs, Kiwanis Clubs and other institutions and individuals whose good will and friendship will be of value to the Institute and its membership.
The work of correspondence has steadily increased. The publication and distribution of a letter-bulletin entails correspondence that extends over months and possibly years. It is fully as important to maintain and develop contacts as it is to obtain them, in the first instance. Therefore, the printing and distribution of Letter-Bulletin 2 is being carried along in conjunction with a heavy volume of correspondence that has developed from Letter-Bulletin 1. As the work of the committee progresses the volume of correspondence will become, in the nature of things, heavier and heavier.

Many personal conferences have been held and all the incidental administrative work has been carried on as effectively as possible under the limitations imposed by the financial appropriation.

**Future Work.**

Your committee has in mind the further distribution of Letter-Bulletin 1 and Letter-Bulletin 2, and the preparation and printing of additional letter-bulletins during the year. One of the subjects in mind is "The Appointment of Accountants and Business Men as Receivers and Trustees." Another possible subject is, "The Development of Budgeting in the Various Divisions of Government." Still another, if conditions shape themselves for the purpose, will relate to Federal tax law revision. The committee feels that it would be a mistake at this time to indicate a definite program, as the committee should be free to take advantage of the development of matters of current news interest as the year progresses.
The press service, speaking bureau and the writing and publication of articles should all be developed during the year. It is highly desirable that an assistant to the present paid secretary should be employed, as indicated in the proposed budget that was sent to the members and the associates under date of August 29, 1924.

Your committee, by direct appeal to the membership has asked for a budget of $30,000, as follows:

**Salaries:**

- Paid secretary ........................................... $ 5,000
- Assistant to paid secretary (time to be devoted chiefly to press work) ............ 3,600
- Three stenographers ................................. 4,500
- General clerk ......................................... 900

$14,000

**General:**

- Printing and postage................................. 16,000

Total .................................................. $30,000

In considering this proposed budget, it should be borne in mind that the work of the committee must cover the entire country; that there is a mass of detailed work to be done in the preparation of copy, the dictation of letters, the handling of personal interviews, the printing and distribution of letter-bulletins and official lists, and the like, that cannot under any circumstances be fully and effectively performed by one secretary; that the work of the two secretaries must be supported by three or four clerical assistants, and that the salaries of the personnel, on a modest salary basis, will amount to $14,000 annually, as shown by the budget.
It should also be remembered that a considerable amount of printing and postage cost is involved, even if the work is carried forward on a modest basis. Contacts with various papers and public and business organizations must be had at frequent intervals in order to maintain headway. It is believed that $16,000 is little enough to cover printing and postage costs of the committee.

If the work can be financed on this basis, it is the judgment of the committee that the Institute will become a vital force in the affairs of the nation, and that, viewing the matter from the professional viewpoint, the return to the Institute and to its members and associates will be far in excess of the costs incurred.

Your committee has written a letter to Treasurer A. W. Teele, which states the financial results to August 31, 1924, as follows:

"Miss Ranney has given me the following figures with respect to the expenditures of the Committee on Public Affairs for the year ending August 31, 1924:

- Total expenditure .................. $9,046.44
- Less: Receipts from sale of Letter-
  Bulletin 2 .......................... 727.00

Net expenditure .................. $8,319.44

"The amount appropriated by the Council for the work of the committee was $5,000.00 and there is, therefore, an excess expenditure of $3,319.44. The members of the committee present at a meeting on June 13, 1924, agreed that
it was desirable to incur this excess expenditure in view of the emergency nature of Letter-Bulletin 2, which deals with the current crime tendency in relation to the practice of accountancy; and the members present undertook personally to be responsible for the excess expenditure, provided it was not later authorized.

"The distribution of Letter-Bulletin 2 is still in progress, and the benefits of this expenditure will apply almost entirely to the year beginning with the first of September. It is believed, therefore, that the excess expenditure, if approved, should apply against the budget for the year beginning September 1, 1924."

Respectfully submitted,

COMMITTEE ON PUBLIC AFFAIRS,

HOMER S. PACE, Chairman,
GEORGE W. ROSSETTER,
J. E. STERRETT,
E. H. WAGNER,
C. OLIVER WELLINGTON.