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Editorial

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The JOURNAL of ACCOUNTANCY

Official Organ of the AMERICAN INSTITUTE OF ACCOUNTANTS

A. P. RICHARDSON, *Editor*

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EDITORIAL

An Important Step

As most of our readers are aware, the two principal national organizations of accountants in this country are about to unite and become a larger and more powerful body than either of the two alone would probably have become in the near future. The actual consolidation of the American Institute of Accountants and the American Society of Certified Public Accountants is now being effected and the success of the enterprise seems to be thoroughly well assured. It is probably safe to say that the great majority of the members of both societies are strongly in favor of what has been called a merger, and everyone will sincerely hope that the Institute in its enlarged form may accomplish great things for the profession and for the business of the country as a whole. At such a time it is appropriate to review the changes and developments which have taken place in recent years. In THE JOURNAL OF ACCOUNTANCY for November, 1936, we attempted to present a brief resumé of the growth of a purely ethical spirit in the profession. Following such a recital of history in the field of ethics there should be remembrance of the more tangible changes which have taken place. For this purpose let us confine our consideration principally to the occurrences of the last quarter century. Let us bring to mind and keep in mind the efforts of a few men of whom several have gone to their reward. They were stalwart fellows, those pioneers. They had little with which to begin and they had to face discouragements innumerable and almost over-

whelming, but they possessed that essential faith which is the stuff of which success is made. Some of them still remain and will have many more useful years to devote to the profession nearest their hearts, but in this present review we wish merely to remind the younger members of the profession of the magnificent work which has made possible accountancy as we find it at the close of 1936.

**A Brief
History of Progress**

It is a custom to consider that accountancy in America began about the time of the formation of the American Association of Public Accountants in the year 1887. From that point casual historians jump to the year 1896 when the first law regulating professional accountancy was passed by the state of New York. The intervening nine years were not dark ages, however. They were years of persistent effort and good accomplishment. All the time, from the opening of the first accounting practice, whose date is somewhat clouded in the mists of antiquity, there has been a steady forward march. State after state fell into line. Organizations, local and national sprang up here and there. Some of them were joined together and others preferred a separate existence, but all of them had in mind the development of accountancy and its enthronement in its proper place in the scheme of things. Accountancy was inevitable. The expansion of small businesses into great corporations, the enormous enhancement of wealth, the closer affiliation of business of one kind and another throughout the union, the coming of the machine age, as it has been somewhat unhappily called—these things demanded the setting up of a profession which would render impartial, accurate and skilled opinion and service to tend the development of this fortunate land of ours. But there were other factors somewhat fortuitous which added tremendous impetus to American business and thereby to American accountancy.

**Fortuitous Aids to
Development**

Perhaps the most important of them all was the passage of the first income tax law in 1913. Taxation of incomes, both individual and corporate, made the country conscious of the importance of keeping adequate records, and, naturally enough, business men to whom the truth had appeared began to look about for the technical accounting assistance which they required.

As we glance back now on those early years of income taxation, the problems which distressed accountants of those days seem small and insignificant in comparison with the extraordinarily complicated mass of legislation which now afflicts us all. Then came the European war of 1914 and, while we as a nation lingered on the side-lines watching the combat and making much money out of it, business grew and waxed mighty. At last we came into the war and taxation increased in geometrical progression. Thousands of problems which our fathers had not known confronted us. Every remote hamlet of the country felt the weight of our federal burden. After the war came the period of readjustment and we, in common with all other nations, set ourselves to work to learn to live in a new world, which would never revert to the world we had known. We came to the precipice of 1929 and fell over into the pit of despair and here we found more problems, some of them insoluble. Gradually, we have been coming up out of the depths and today it seems to be generally agreed that we are on the first steps of another ladder of growth, prosperity and, let us hope, happiness. The "new deal" conceived and bore a multitude of laws and levies and imposts, rules, regulations and mandates which confuse even the most analytical expert, and this of course has had its effect upon the practice of professional accountancy. What lies ahead of us no one knows, but it is fairly safe to assume that while some of the most injudicious measures of the present government will fall of their own weight or be ended by the supreme court, enough complexities will remain to make demands upon the utmost ability of the profession of tomorrow. It is a little staggering to the ordinary mind to consider the obligations which will rest upon accountancy and we may be perfectly sure that whatever happens there will be work for every competent accountant of the future.

**What Was Twenty-
Five Years Ago**

If one will recall the profession of twenty-five years ago he will conjure up a picture of a group of men, not very great in number, scattered throughout the land, having no very high standing in the public mind, regarded generally as more or less mechanical adjuncts of bookkeeping departments, their opinions all too frequently ignored. Today in every office in the land the voice of the accountant is heard and his advice and

counsel are sought on matters which have no apparent connection with pure accounting. With this change has come a great load of responsibility. The accountant carries not only his obligation to give the best that is in him for his clients, but he has a duty to promote in every proper way the prestige and prosperity of the whole profession. To compare accountancy of 1911 with accountancy of 1936 is impossible. The two things are totally different. Certain fundamental functions of the accountant remain and will remain within his sphere, but the additions and accumulations are greater than the original substance. And all this makes for the increase of the value and the influence of accountancy.

The Spread of This Influence

In every department of the profession there has been marked and astonishing progress. Today throughout the educational system of the country, accountancy is a vital factor, whereas twenty-five years ago accounting courses were few and many of them of little worth. In the field of legislation the accountant is consulted (although not often enough) and in the administration of all laws which deal with business, both state and national, the accountant renders an invaluable service which can not be exaggerated. There is a higher and higher standard of qualifications for practice. The young men coming into the profession now must present far better evidence of ability and training than their predecessors had to offer. Perhaps one of the most noteworthy examples of progress is the standing of the accountant in the minds of the business community. He is now, as he should be, the most helpful advisor of the business man. His experience is so wide and his acquaintance with all sorts of enterprise is so varied that his advice must be almost controlling—and this was not so twenty-five years ago.

The literature of accountancy has become something quite undreamt of at the beginning of the century. There are magazines and endless numbers of books, most of them good, and there is a mass of contributed literature in the daily press and the magazine world, which, added together, constitute a very substantial portion of the total literature of the period. It has been said that the world would be better off if ninety-nine percent of the words that are written had never appeared in print, but this is

not true of accountancy. Most of the writing in that field has genuine value. There are still many books that should be written, because, great as is the volume of literature, there is room for much more. Every new problem which arises in the practice of the profession creates a necessity for additional exposition; and accountants who were originally inclined to reticence are learning the wisdom of sharing their knowledge with their fellow practitioners.

**Esprit de
Corps**

And there is a better professional fellowship than there was. In the old days, far too many accountants regarded all their fellows in the profession as men not to be trusted with a single word. They had no esprit de corps, no bond of fraternal friendship. The national organizations have done much to break down the old barriers and, as always happens when we come to know our fellow man, we almost always find that he is just as good a comrade as we permit him to be and he has merits which we are now beginning to admit. The days of cut-throat competition and price cutting are not over, but there has been a gratifying improvement.

**The American Institute
of Accountants**

Perhaps one of the best illustrations of the growth of accountancy is found in the history of the American Institute. It is now twenty-five years since that organization, under another name, set up a permanent office and began to undertake a national work. It had no resources and no standing in the community. In fact, even bankers, who are supposed to know something about accountancy, had little respect for the profession. Today the Institute, with its membership at least four times as great as it was in 1911, is an organization substantially based upon financial strength. Its interests reach everywhere, even abroad. It has the finest library of accounting literature in the United States and, perhaps, in the world. Its committees are in touch with federal and state governments, with business organizations, with the national societies of the other professions. It exercises a powerful influence upon the course of education and its members stand as high as any man in this realm of what we like to call equal opportunity. Nearly every kind of business and profession has made

great progress in the past quarter century but it is extremely doubtful if there is any one of them which in a national way has equalled the progress of accountancy. Not even the most optimistic of the fathers would have ventured to predict anything resembling the magnitude and power of the accountancy of today. They simply could not have believed that so brief a span as one generation would bring about so vast a change. If they could have foreseen they would probably have been a little anxious, they would have feared lest accountants would fall short of the great opportunity which would be presented to them. They might quite reasonably have entertained misgivings about the carrying of the load. It says much for the quality of accountants generally that they have been equal to the task and that their increasing responsibilities are largely due to their evident ability to carry on, even in the face of grave difficulties and augmented burdens. And now, as we have said, the union of the two principal national organizations is at hand. Rivalries, which must have existed wherever there were two groups working independently, should be at an end. It is devoutly to be hoped that this far-reaching change will produce results altogether blessed. It is a splendid thing to be able to look back over a crucial period of development and to find that there have been few failures, few shortcomings but that there has been honest effort, true ability and above all an abiding faith.

MAN TO MAN

Every editor longs for the day when he can abandon momentarily the somewhat restrictive "we" and talk to his readers in the first person singular. On this occasion that consummation is attained.

With the publication of the December, 1936, issue of THE JOURNAL OF ACCOUNTANCY I shall withdraw from active participation in the affairs and policies of this magazine. For twenty-five years I have endeavored to express what seemed to be the opinion of the best men of the profession and I have received so much unforgettable assistance and such countless letters and messages of help that I think it would be ungracious to take my leave without a word to you who read. You have been a great friend to me, Sir, and I take my departure with a feeling of real regret mitigated by a confident hope that sometime, somewhere, I may

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have written a word or perhaps even a sentence which has met with your approval. If I could feel that I had written something which was helpful I should rejoice unutterably.

To the many contributors who have made the magazine what it is I offer my humble and hearty thanks. Whatever credit belongs to THE JOURNAL OF ACCOUNTANCY belongs to you who have contributed of your experience and your knowledge and your labor. Pray, Sir, receive this personal note, let us wish each other well, and may you continue for many years to come to make THE JOURNAL OF ACCOUNTANCY a better and a better magazine, which will be an instrument of good for the accountants that are and for those that are to be.

A. P. RICHARDSON