

2-1919

Book Review

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Recommended Citation

L., W. H. (1919) "Book Review," *Journal of Accountancy*. Vol. 27: Iss. 2, Article 11.

Available at: <https://egrove.olemiss.edu/jofa/vol27/iss2/11>

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Book Review

THE FINANCING OF PUBLIC SERVICE CORPORATIONS, by MILTON B. IGNATIUS, LL.M. *The Ronald Press*, New York.

The author states in his preface: "It has been my aim to offer in this one volume a comprehensive discussion of all the important aspects of public service corporation financing, from the inception of the enterprise and the issue of certificates of interest or indebtedness to the expenditure of the proceeds and the permanent record thereof." We need not quarrel with the author's aim, which we think he has successfully carried out, considering that the book was intended by him mainly for the use of corporation officers, bankers and brokers and others directly interested in one way or another in public utilities; but it is only fair to warn students of accountancy that fully two-thirds of the volume of 500 pages is devoted to elementary principles and definitions that they will have acquired already in standard works on corporation accounting. The really interesting part of the work to accountants will begin with part IV, chapter XIII, where the author takes up the subject of public regulation through commissions. It is a very fair and impartial study of the various problems. Mr. Ignatius has been on both sides of the fence and is well qualified in consequence.

There are two rather significant points the author lays some stress upon in which we think most of his readers will agree with him: that in spite of all their vehement disclaimers of responsibility regulating commissions do offer the investing public a moral, if not a legal, guarantee of public utility securities which they approve, particularly, we might add, when proposed issues are modified in accordance with suggestions from the commissions; and that there is great danger to the future public usefulness of regulating commissions in the growing tendency to make positions on these commissions political rewards for party services. While Mr. Ignatius does not say nor imply in any way that there is any relation between these two facts, it requires but little reflection to see that there is bound to result a very close relationship. What is more natural than for a commissioner who has received his appointment as a reward for political services to help along deserving henchmen who may wish to exploit public utilities?

There is one feature of public regulation with its curious combination of legislative, executive and judicial powers upon which the author does not seem to touch. This feature is the inevitable mesh of red-tape in which every commission eventually finds itself wound up more or less. It is inevitable in the very nature of its being. Every decision sets a precedent which is appealed to in later cases, until in the end a good part of a commission's time and labor is devoted to seeking ingenious distinctions. This tendency is marked enough in the courts, and it is further enhanced and complicated in utility hearings by the injection of engineering, financial and accounting features until one wonders that the commissions are

able to effect as much as they do—and it cannot be denied that they have accomplished marvels. Nevertheless, when it becomes necessary for the federal government to take over the largest public utility in the country in order to get service, it does look as if the regulating commission had failed somewhere. It was a war measure to be sure, but oddly enough the government seems strangely averse to allowing the commission to resume its powers now that peace is coming, and proposes instead to show us what it, the government, can do in the way of efficient service. What, then, is the trouble with public regulation by commissions?

W. H. L.

Bertram D. Kribben

We announce with deep regret the death of Bertram D. Kribben, member of the council of the American Institute of Accountants.

Mr. Kribben for many years had been one of the most active members of the Institute, and his services, particularly on the committee on education and board of examiners, will always be remembered as of the utmost value.

Mr. Kribben was a member of the state board of accountancy of Missouri and a member of the St. Louis bar.

The entire accounting profession is the poorer for the loss of this most able and valued member.

George Alton Torrey

George Alton Torrey, an associate of the American Institute of Accountants and a certified public accountant of the state of Washington, died of pneumonia December 28, 1918, at Seattle, Washington. Mr. Torrey passed the examinations of the institute in June, 1917, and was rated second among those who passed with distinction.

Correction

The article entitled *Outline of a Cost Accounting System for a Wooden Ship Yard* by Frederick W. Davis, appearing in the January issue of THE JOURNAL OF ACCOUNTANCY consisted largely of matter taken verbatim from general circular 60 of the auditing division, Emergency Fleet Corporation, which was prepared and signed by Gordon Wilson, who at the date of the circular (August 27, 1917,) was assistant general auditor of the United States Shipping Board. Proper credit for such reproduction was omitted. This explanation is offered with apologies to Mr. Wilson.

Frederick B. Hill & Co. announce the opening of offices at Haddington building, Norfolk, Virginia.

Leslie, Banks & Co. announce that Charles Griswold Bourne has become a member of the firm.