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Editorial

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EDITORIAL

Burden of Prosperity

There has been much talk of the wave of prosperity which will sweep over the new world when the storms of the old have subsided. It will be a kind of tidal wave following the earthquake.

Nearly everyone admits that when the purchasing power of Europe begins to be restored the demand for American products, both raw materials and manufactured articles, will be greater than it has ever been in the past. The commercial output of Germany will be inconsiderable for several years to come. France will be severely crippled. England, although not so greatly influenced by the war as her continental neighbors, will nevertheless be compelled to look abroad for many of those things which heretofore she has produced within her own boundaries.

Whatever be the outcome of the war one thing is certain, namely, that it is to the western hemisphere that Europe must look for its supplies. Demand for food products will be at its most acute stage immediately after the war when the embargo on contraband is removed; and it will decrease slowly until the fields of Europe are brought again under the plow and harrow. The demand for manufactured articles will begin

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with the termination of the war and increase steadily for some years until the depletion caused by military operations has been made good. How much further the market for our products will extend no one can say. It is to be hoped that America will hold the trade which she will acquire when the war is ended, but in any event the one certainty remains, that for some years at least America is sure to be taxed to her utmost to provide those things for which a war-worn world will call.

All this is practically self-evident; but there is another and a deeper significance in the outlook which does not seem to have attracted sufficient attention. This is the responsibility which will rest upon the country to see that it is not ruined by the prosperity which is coming. When the resumption of activity begins there will be an era when every manufacturer, every producer and everyone concerned with exportation will find it a comparatively simple matter to make more money than he has ever made before. As a consequence there will be a strong temptation to indulge in overconfidence and to embark upon undertakings which will have no legitimate foundation. It threatens to become a time of wild-cat propositions, a time closely resembling the period of the "South Sea Bubble" when everything was profitable and investment and speculation ran riot.

In view of these things it seems to us that an enormous burden—one hardly to be borne—will rest upon the members of the accounting profession. It will be to the public accountants that the public will look for frank, unprejudiced statements of affairs—not to the grandiloquent prospectuses with which the investing public will be assailed. It may be thought that as people nowadays are better acquainted with business conditions, and as they remember the frequent losses which have been made in speculation, they will become more cautious and exercise greater discernment, but experience in speculation is never much of a teacher and there will always be an abundance of investors for every investment in a time of national prosperity.

Here lies the opportunity for accountants to demonstrate conclusively their importance to the body commercial and financial. If the profession strictly adheres to its high standards of integrity, refuses to certify to any statement which may mislead the most gullible investor, lets it clearly be known that nothing

can deviate its members from the straight and narrow path of rectitude—if the profession does these things it will not be wasted effort. It will be another illustration of the axiom concerning the political merits of honesty.

In all the fields of business endeavor there will be work for the public accountant. Bankers will be much inclined to extend credits. If disaster is to be avoided they must listen to the voice of the public accountant and insist upon full examination of conditions by impartial investigators rather than depend upon the optimistic reports of intending borrowers. In a score of other ways a burden of responsibility will be thrown upon the public accountant.

The profession is small in numbers but fortunately is imbued with high ideals. If there be men in practice who are amenable to ulterior influences, they are certainly few and it should not be difficult to remove them from the ranks of membership in the various state societies or in the national body. It is more important than ever before that the American Association of Public Accountants should exercise the most rigid discipline and demand absolute integrity and scrupulous regard for verity among the entire membership.

The burden will rest upon every member—not upon a few merely. There will be a time of unparalleled activity and almost constant demand for the services of accountants.

Were it not for the record of the profession and the general excellence of its present personnel we should fear for the future. As it is we trust that this great and growing profession will satisfactorily endure the crucial test to which in common with the business of the country it will be put.

The Convention Habit

It has frequently been remarked that the same men attend the American Association meetings year after year. Each year new faces appear but thereafter the novelty ceases for the newcomers readily fall into stride beside the older friends and soon become known as regular attendants. It matters little, apparently, where the convention be held. In California or Massachusetts

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or Illinois we find the same men, hear the same familiar voices and receive the same kindly greetings.

There is a lesson in all this if one look for it. Why is it that the fact of attending one convention almost inevitably leads to attendance at the convention following? Why do men leave their practice and travel the length of the land for a meeting lasting only three or four days? The answer is simple. It is to be found in the well-founded belief that by this yearly assembling, by the renewal of professional acquaintance and friendship, by the interchange of experiences and opinions, it is possible to derive a direct personal benefit whose value is considerable.

The social features of the meetings are delightful and it is good to meet with the welcome of friends, but the great merit in convention is the bringing together of the members of the profession and the development of a corporate entity which without personal touch would never be achieved. It is somewhat remarkable that in the American Association of Public Accountants the convention idea should so prevail. Many people are apt to point to the jealousies which exist between different sections of the country and doubt the unity of effort which is needful in a national organization; but the truth is that from a membership widely scattered the average attendance is about fifteen per cent of the active practitioners—a record which few similarly constituted organizations can equal.

As time goes on more men will acquire the convention habit. It is a splendid habit to cultivate and we wish it well. It makes for the strengthening of the association and of all its members.