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(Resolution of October 25, 1926, revised February 6, 1933)

FOREWORD

THE study which Professor Paton has undertaken under the auspices of the National Bureau of Economic Research and the American Institute of Accountants, and carried to completion with so much patience and skill, is interesting not only for the results which he has produced but because it is a first step in the utilization for the purposes of statistical research of the tested information which reposes in the files of public accountants.

The potential value of such information has long been realized. In 1921 Sir Josiah Stamp, in an address to one of the principal accounting bodies in England, stressed the obligation of the profession to contribute to the general knowledge in this way—

“This,” he said, “is only one of the immense additions that might be made in applied economics, if accountants, as the trustees of valuable economic data, would free themselves from their present doubtless inadvertently ‘dog-in-the-manger’ position. They have the figures; other people *cannot* use them, and if accountants will not, then we get nothing: economics continues its abstract deductions, and business blunders on by individual instinct.”

If the English accountants did not at once respond to Sir Josiah’s appeal, the explanation is not to be found in the burden involved, though the task of compiling information in the form that would be useful to economists and disguising it so as to avoid any breach of confidence is not inconsiderable. The explanation is, rather, that conservatism and reticence are cardinal virtues in an accountant, and he is not easily

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convinced that he can properly make available statistics based on information secured by him professionally, however carefully their use is to be safeguarded against any unintended disclosure of confidential information.

The fact that a substantial step in this direction has been taken is, therefore, of real significance, and it is not surprising, nor perhaps even regrettable, that the amount of information made available is not more extensive than it is. While one can sympathize with the disappointment which Professor Paton doubtless felt that he did not have a larger sample to deal with, it is proper that the first steps in such a field should be of a tentative and limited character. And the very fact that even with such a limited sample it is possible to present useful information without any possible violation of confidence should encourage a freer response to similar calls on accountants in the future. Such a response is the more desirable because the years covered by the present study happen to be the closing years of a period of prosperity, and the figures are, therefore, (as subsequent years have demonstrated) by no means representative of business profits over a long term of years.

I am glad to have the privilege of writing this foreword, because the study has been made possible by cooperation between two bodies in which I have been keenly interested since their incorporation, and because it affords an opportunity to express my appreciation of the services of Professor Paton in the contiguous fields of economics and accountancy which have been of special value to those whose work has been confined to one or the other field. I hope that similar cooperation may in the future provide Professor Paton with material for a more extensive study, such as he is so well fitted to undertake.

GEORGE O. MAY

New York, N. Y.

October 25, 1934

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