

WASTE IN PUBLIC BUSINESS *

WASTE is the largest single element in municipal finance. It persists largely because taxpayers cannot properly analyze public outlays. It could be greatly lessened by a system of public accounts and reports which would separate the wasteful from the useful outlays and subject them frequently and in a concise form to the scrutiny of taxpayers.

All important business enterprises are managed by the aid of analytical reports which summarize results and subject every element of cost to scrutiny and to the test of frequent comparison with fixed standards or previous results. Such reports reduce everything to percentages and expose any variation from normal ratios of outlay. Abnormal outlay is instantly localized, investigated, and if due to waste is checked. The essential principles of the system are exact analysis, clear summary, and test by comparison.

The application of these principles has been highly developed in the management of railroads, great corporations, and especially in large manufacturing enterprises. In those classes it has almost abolished the element of preventable waste, by segregating and thereby checking it. A system of exact analysis, classification, and record has created exact standards of comparison, and, therefore, rigid tests of results and efficiency.

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The analytic accounting that business men find indispensable is practically unknown to municipal management. If it were both general and uniform in all cities of the same class, throughout the State, it would in all likelihood greatly reduce outlay by stopping waste, and improve the public service by fixing high standards of administration. Of course, if the people as a whole continued indifferent, the waste and extravagance would also continue; but at least there would be a chance of stopping them. Good legislation does not secure good government, which can come only through a good administration; but wise laws will enable the citizens of each municipality to get good government if they choose. Albany, Troy, Syracuse, Utica, Auburn, Rochester, and Buffalo might well have a uniform plan of administration, identical departments with identical duties, and a uniform system of accounting. In monthly reports made to and published by a State Commission of Municipal Accounts, every class of outlay in all of those cities might be published in parallel columns, both by totals and reduced to ratios, for comparison. It would be difficult and dangerous for officials to waste money under such scrutiny.

The steady increase of taxation in this city, either by higher tax rates or higher valuations, has become so serious a matter that it counts heavily against profitable investment here. Other exactions of various kinds are borne by New York business interests from which other leading cities are free. The net earnings of both rents and business capital are much impaired by this cause; and both business men and estate owners are more and more alarmed at the growing demands upon them.

It is very probable that the waste in the public business of this city is enormous. The public reports are

worthless as a preventive, for under the present system it is impossible to analyze the public business effectively. To show the need of analysis I may mention an instance dug out in your water inquiry which showed at least seventy-five thousand dollars' waste in one department.

The proper remedy is the application to the public business of the methods which have been found essential and effective in the management of private business affairs. The whole subject of municipal accounting and municipal reports should be exhaustively investigated, and plans prepared, either by a legislative committee or otherwise, for each of the several classes of cities in order to enable accurate comparisons of outlays to be made.