

MONOPOLY AND TARIFF REDUCTION.

THERE was a time when theorists and practical men seemed to be in hopeless disagreement concerning the entire subject of protection. In the view of the practical man an economist was a person who in his study had reached certain conclusions which were equally unanswerable in themselves and irreconcilable with the facts. The expression most commonly heard in this connection was that "theory and practice do not agree." The doctrinarians were, in those days, unusually harmonious among themselves, for there were comparatively few who made a vigorous defense of protection on grounds of economic principle. The practical world was less harmonious, since the views of different parts of it were colored by differing interests; but the fact that science did not fall into self-contradiction was encouraging. It was possible for the uncompromising free trader to think and to say that fundamental principles were all on his side and that the protectionist had nothing in his favor except transient disturbances that interfered with the perfect working of the principles.

Now the business world conceded too much to the free trader when it said that he had theory altogether in his favor. What he could truthfully claim and what the world could safely admit was that he had *static* theory in his favor. Static theory deals with a world which is free not only from friction and disturbance but also from those elements of change and progress which are the marked features of actual life. Stop all the changes that are taking place in the industrial life of the world; put an end to inventions and improvements in business organization; let there be no moving of population to and fro and no increase of the aggregate population of the world; further, let there be no addition to the wealth of the world and no change in its forms, and you will have the static state. Men would go on making things to the end of time, using identically the same methods that are now in vogue and getting identically the same results. In such an imaginary world there would be no possibility of answering the contention of the general body of economists of a generation ago. Free trade would be the only

rational policy and it could be defended upon the simple ground on which division of labor in the case of individuals is defended. One man has an aptitude for making shoes, another for making watches, another for painting pictures, and so on, and each one of them can gain far more by devoting himself to his specialty and bartering off the product of it than he can by trying to make everything for himself. Nations have their special aptitudes and should follow them and make all they can out of them; and the nation which has special facilities for producing cotton or wheat or petroleum or gold and silver bullion should devote itself to its specialties, barter off the results and get all manner of goods in return.

It is true indeed that a great nation like our own makes a much better jack-of-all-trades than an individual can make. It is far more probable that the nation as a whole can produce without much waste all the things it wants to use than that any individual can do so. If we have all climates from the tropical to the arctic all soils and a full list of mineral deposits, why should it pay us to confine ourselves to the making of only a few things in order to barter them off for others? Why should we not with our wide range of resources make everything?

Undoubtedly we can make almost everything if we insist upon doing it; but there are still some things that other countries can make and sell to us on such terms that we can do better by buying them than by producing them ourselves. We can raise tea in the United States, but it pays us better to make something else and barter it off for tea. A day's labor spent in raising cotton to send away in exchange gives us more tea than a day's labor spent in producing the latter article directly. In a static condition we should have found in what fields it is most profitable to employ our energies. We should be directly making things that it would pay us best to make, and we should be indirectly making the other things; that is, we should be producing articles to send off in exchange for those other things. Wherever an indirect way of acquiring a thing had proved most profitable we should have adopted that method, and we should always adhere to it. Anything that forced us to make directly something which we could secure in greater abundance by bestowing the labor that would make it on

making something else, would turn our energies in a comparatively unproductive direction. It would inflict on us a waste and a loss — and there are such wastes and losses inherent in the operation of the principle of protection, and there is no contending against the argument that demonstrates their existence. Protection and a certain distortion of the productive system, a certain misdirection of energy, are synonymous.

Now an intelligent argument in favor of protection begins at this point. It accepts the whole static argument in favor of free trade and its own assertion begins with a “nevertheless.” It claims that in spite of what is thus conceded, protection is justifiable since in the end it will pay, notwithstanding the wastes that attend it. The argument for protection is entirely a dynamic one. It is based on the fact of progress and admits that it could make no case for itself under the conditions of a static state. If every country had certain special facilities for producing particular things, and if its state in this respect were destined to remain forever unchanged, it could, to the end of time, make itself richer by depending for many things on its neighbors than it could by depending for those things immediately on itself. The fact is, however, that a nation like our own abounds in undeveloped and even unknown resources which, when brought to the light, may take precedence of many of those which are known and utilized. If our country from end to end were like Cape Nome and as rich in gold as the richest part of that remote region, and if it were certain that the deposits of gold would never be exhausted and would employ the whole energy of our people, it is clear that we should have one staple occupation and should depend upon the rest of the world for almost every sort of portable commodity. We should be estopped from manufacturing by the great productivity of labor in placer mining. So long as men can make ten dollars a day by washing out gold from the sands there would be no use in setting them at work making two dollars a day as weavers or shoemakers or what not. By buying our cloth with gold dust we could get far more of it than we could if we took the men out of the mine and set them to making the stuff itself. But — and here is the proviso that makes the supposition correspond with the fact — if besides the placers we had deep mines of other metals than gold,

if we had oil and lumber and loam of every variety, and if we had people with undeveloped mechanical aptitudes, it might be that we should do well to develop these latent energies even in a wasteful way. The condition that would fully establish the similarity between the supposed case and the actual one is that the placer deposits should be, as placers are, sure to be exhausted by continued working and that producing other things than gold should tend to become, with time, a more and more fruitful process. We can justify the attitude of the country that taxes itself at an early date for the sake of testing and developing the latent aptitudes of its land and its people. At the outset it will thereby sustain a loss, because at the outset it can gain more goods by the indirect method of exchange than it can by production; but there may easily come a time when it can gain more by the direct method. If we learn to make things more economically than we could originally make them, if we hit upon cheap sources of motive power and of raw material, and especially if we devise machinery that works rapidly and accurately and greatly multiplies the product of a man's working day, we shall reach a condition in which, instead of a loss incidental to the early years of manufacturing, we shall have an increasing gain that will continue to the end of time. It may be, further, that without protection and the burdensome tax which it did undoubtedly impose upon us, we should have had to wait far too long for this gain to accrue and should have sacrificed the benefits that come from a long interval of diversified and fruitful industry.

In short, the static argument for free trade is unanswerable and the dynamic argument for protection, when intelligently stated, is equally so. The two arguments do not meet and refute each other but are mutually consistent. It is possible to ridicule the argument for protection under the name of the "infant-industry" argument, and it is possible for the policy it upholds to continue long after this argument has ceased to be valid. The overgrown infant will have sacrificed his claim for coddling, but that will not prove that there was never a time when he needed it.

Now there is an argument for tariff reduction which accepts both the static argument for free trade and the dynamic argument for protection. In fact it bases itself on the protectionist's modern

and intelligent claim. To advance in any form the infant-industry argument is to admit that the policy advocated is temporary. Protective duties are, in fact, self-testing. They reveal in their very working whether they were originally justifiable or not. The ground on which they were imposed is that they would develop latent resources — that they would enable labor to produce as much by making a class of articles formerly produced in foreign countries as it could produce by engaging in industries already established, and exchanging its products for the former articles. If that time should come, the industry that had to grow up originally under the protection of a duty would become so fruitful that it could dispense with the duty. Taxes of this kind tend to become inoperative, provided always that the latent resources for economical production really exist.

Some years ago a man who had retired from the business of making spool silk remarked that, in his judgment, a duty of three per cent on imported silk of this kind would enable the American mills to hold full possession of their own market. The difference between what it cost the foreigner to make the silk and what it cost the American to make it was, as he thought, not over three per cent. If he was right in his estimate, almost all of the actual duty might have been abolished without crushing the American manufacturer. Americans had developed a sufficient aptitude for making spool silk to be able to get nearly as much of it by turning their labor in that direction as they could by turning their labor in any other direction and exchanging the product for foreign silk. We must originally have lost much by forcing ourselves directly to make the silk, for at the outset we could not make it as economically as we could make an article which we could exchange for it. At the time of which we are speaking we could make it with almost no waste, and the case illustrates a general fact with regard to duties upon articles in the making of which we are originally at a disadvantage but are afterwards at no disadvantage at all. When our original disadvantage has been quite overcome, the duty becomes inoperative. Whether we keep it or throw it off will make no difference to the American manufacturer or to the American consumer — provided always that competition is free and active. If it is not so, there is a very different story to tell.

Instead of getting from the soil gold dust to barter for merchandise we have been getting a product that is not so greatly unlike it. For grains of gold read kernels of wheat and the statement will tell what a large portion of our country has produced and exported. The productivity of wheat-raising has made it uneconomical, in certain extensive regions, to engage in other occupations; but as the fertility of the wheat lands has declined, and as the productive power of labor in other directions has increased, we have reached a point at which it is just as natural to make things for which we formerly bartered wheat as it is to produce the grain itself. The decline in the fertility of agricultural lands and the increase in the productive power of labor devoted to making steel have made the manufacturer of the latter article as independent as is the raiser of cereals. Originally it was necessary to protect iron and steel industries from competition in order to secure the establishment of them at an early day. Now it is apparently not necessary to continue the protection. Labor in making steel will give us as many tons of it in a year as the same labor would give us if spent in the raising of wheat to be exchanged for foreign steel. The duty on steel, if this is the case, has become inoperative, in the sense that it no longer acts to save from destruction the steel-making industry: It is perniciously operative in another direction, for it is an essential protector of a quasi-monopoly in the industry; and this illustrates what often happens in cases in which the infant-industry argument proves to be well grounded. The argument predicts for the newly established industry a great future development and a time of ultimate independence. Protection undertakes to nurse it through its period of helplessness and dependence into a time when it can stand on its own feet and maintain itself against rivals. If that period comes — and the history of the United States shows that in many cases it has come — you can throw off the entire duty, if you will, and unless the price of the article has been artificially sustained by something besides the duty, our manufacturers will not lose possession of their market.

An essential condition of realizing the happy predictions of the protectionists is that competition among American producers should be unimpeded. If that were so, goods would, as they said,

be sold, in the end, at prices fixed by the costs of production, including the normal rate of interest on the capital employed. Manufacturers may originally get large profits, as an offset for such risks as they take in doing pioneer work; but afterwards they will get interest on their capital and a good personal return for directing their business, but nothing more. If they sell goods at prices which yield only such returns as this, they will, when the industry is on its feet, sell them as cheaply as the foreigner would do. The high duty, if it still continues, may make it doubly difficult for the foreigner to come into our market; but with goods selling at natural or cost prices he would not come into it in any case and the duty might be abolished with entire impunity.

There are indeed some questions which arise as to occasional unloading of extensive stocks in foreign markets, and protection has been called for to prevent the foreigner from making America his "dumping ground." This process works in both ways: the American can dump his surplus products into foreign territory as well as the foreigner can into American territory. Not much attention need be paid to this particular phase of the subject. Conservatism will probably suffice, for a long time, to retain in force a somewhat higher duty than is called for on general grounds. In the main the fact is as stated: if the protected infant has the capacity for growth that was attributed to him when the course of nursing, coddling, training and patient waiting was entered upon, he will announce that fact after a term of years by showing his inherent strength and proving that these fostering practices are no longer necessary. They are then needed only to aid a monopolistic power within the industry.

It appears, then, that duties have two distinct functions. One is to protect from foreign competition an industry as such — to shield every producer, whether he is working independently or in a pool or trust. The other function is to protect a trust in the industry — to enable a great combination working within the limits of the United States to keep that great field to itself and still charge abnormally high prices for its products. In fact a distinguishable part of a duty usually performs the former of these functions and another distinguishable part performs the latter. If the natural price of an article is based on the cost of making it in

the United States, and if that is twenty per cent higher than the cost in a foreign country, a duty of twenty per cent will place the American product and the foreign product on an equality. The American maker will not be driven from his market until he begins to charge an abnormally high price. If he does that, the foreigner will come in. Suppose, then, that the duty is forty per cent. Twenty per cent may be needed to enable the American manufacturer to hold his own as against the foreigner. Provided he exacts from consumers of his goods only the natural returns which business yields, year in and year out, he can sell all that his mills produce with no danger that the foreigner will supplant him. The other twenty per cent of duty enables him to add a monopolistic profit to his prices. He can raise them by about that amount above what is natural before the foreigner will begin to make him trouble.

The trust has its own peculiar ways of stifling competition within the limits of our own country, and these ways are sufficiently familiar. There are the favors which it is able to get from the railroads and there is the practice of selling its goods in some one locality at a cut-throat rate whenever a competitor appears in that locality. There is the so-called factor's agreement, which often forces merchants to buy goods of a certain class exclusively from the trust. By these means and others the trust makes it perilous to build a mill for the purpose of competing with it. If, indeed, it makes its prices very high, some bold adventurer will build such a mill and take the chances that this entails; but if the trust stops short of offering such a tempting lure in the way of high prices, it can keep the field to itself. If the extra duty of twenty per cent did not exist, nothing of this sort would be possible. The trust would have to sell at a normal price in order to keep out the foreigner, and so would its independent competitor. Both the combination and its rivals could make their goods and sell them in security. The industry as such is protected by the duty of twenty per cent, and it is the additional duty which is the protector of monopoly — the enabling cause of the grab which the trust can make from the pockets of the consuming public.

In practice one would not try to make the figures quite as exact as is implied in the statement that just twenty per cent of

duty is needed to protect the industry as such from the foreigner, and that just another twenty per cent acts as a maker of a monopolistic price. It would be impracticable to fix the duty in such a way as exactly to meet the need of protection. Owing to fluctuations in values the duty might be made slightly higher than is necessary under normal conditions. All these things would have to be considered by a competent tariff commission. The figures we here use are illustrative only; but the principle is as clear as anything in economics. Protecting an industry as such is one thing; it means that Americans shall be enabled to hold possession of their market, provided they charge prices for their goods which yield a fair profit only. Protecting a monopoly in the industry is another thing; it means that foreign competition is to be cut off even when the American producer charges unnatural prices. It means that the trust shall be enabled to sell a portion of its goods abroad at one price and the remainder at home at a much higher price. It means that the trust is to be shielded from all competition except that which may come from audacious rivals at home who are willing to brave the perils of entering the American field provided that the prices which here rule afford profit enough to justify the risk.

This line of cleavage runs through the greater part of the duties which this country now imposes on foreign articles; and the fact reveals the scientific rule for tariff reduction. Up to a certain point, according to the traditional American view, the duty may do good. It may be protecting an industry that is not quite an infant and yet has not grown to its full stature nor attained to its full competing power. Whatever may be claimed as to what ought to be done with this portion of the duty, there is no doubt what will be done: it will be retained, and the American people will wait with such patience as they may for the coming of the time when the industry will be independent of all such aid. Beyond this point a protective duty becomes a trust builder *par excellence*.

There are some industries which are fully matured. The duties which were imposed to shield them during their infancy are no longer necessary for that purpose. The amount of protection that in these cases is necessary to keep the American market for the American product is *nil*. The sole effect of duties on the

products of such industries is to encourage monopoly. At the other extreme there are a few industries which have not gravitated into the control of monopolies and which need much of the protection that they have in order to hold their present fields. If they really are infants and not dwarfs — if they have the capacity to grow to full stature and independence — the policy of the people will undoubtedly be to let them keep, for a considerable time, all the protection that they now enjoy. The number of such industries as this is comparatively small. In the case of the great majority of our duties there is one part that protects the industry as such and another part that protects the monopoly within it. Throw off the whole duty and you expose the independent rivals of the trust, as well as the trust itself, to a foreign competition which they are hardly able to bear; but if you throw off a part of the duty — the part which serves to create the monopoly — you do not destroy and probably do not hurt the independent producer. His position now is abnormal and perilous. He may be continuing solely by grace of a power that could crush him any day if it would, and its power to crush him is due to the great gains which its position as a monopoly affords. When it wishes to crush a local rival it can enter his territory and, within that area, sell goods for less than it costs to make them; and while pursuing this cut-throat policy it can still make money, because it is getting high prices in the other parts of its extensive territory. With no such great general returns to draw on as a war fund, the trust would have to compete with its rivals on terms which would be at least more nearly even than they now are. It would still have weapons which it could employ against competitors and its capacity for fighting unfairly would not be exhausted. Without further action on the part of law makers the position of a small rival of a trust might be unnaturally dangerous; but an essential point is that one means which the trust adopts in order to crush him depends on the existence of great profits in most of its territory; and these would not exist if it were not for the unnecessary and abnormal part of the duty.

The trust, of course, wants its duty, and it wants the whole of it. It values the monopoly-making part according to the measure of the profits which that part brings into its coffers. The trust is

powerful, as we do not need to be told, and it will find ways of thwarting tariff reduction as it does other anti-trust legislation. Drastic laws forced through legislatures or Congress during ebullitions of popular wrath — laws which demand so much in the way of trust breaking that they will never be enforced and never ought to be — have not, thus far, been prevented. Such “bulls against the comet” have been issued frequently enough, but serious legislation based on sound principles will encounter graver difficulties. There are difficulties before our people even where they see clearly what they want and are trying to get it; but where they do not see what they want the case is hopeless. The trust-making part of protective duties has an effect about which there is no uncertainty, and if the American people discover this fact, they will not have reached their goal, but the laborious route that leads to it will at least lie distinctly before them.

The general facts which have here been cited call for the abolition of a certain part of the existing duties and the retention of another part, and they make the division between the two parts clear at least in principle. We want to keep one part of a duty whenever it protects an industry which is not yet mature but is on its way towards maturity. We want the industry because it is progressive in its wealth-creating power and will one day make an important addition to our national income. It is a dynamic agent — a factor in the progress we are making toward the unrealized goal of universal comfort. We do not want the other part of the duty, first, because we do not want monopoly. Any feature of our industrial system which is convicted of being simply a monopoly-building element is condemned by that fact to extinction, if the power of the people suffices to destroy it. Does this mean that the consolidations themselves are thus condemned? Do we not want great corporations with vast capitals? Assuredly we want them, for the sake of their economy and of their capacity for greater economy. With the element of monopoly taken out of them they will become dynamic agents and contributors to general progress. The part of the protective tariff which we need to get rid of is the part that helps decisively to put the element of monopoly into them; and in that connection the worst charge that has to be brought against this part of the duties remains to be stated.

Monopoly acts squarely against the continuance of that very progress which the tariff was designed to create. The entire defense of protection has rested on the dynamic argument, and the sole justification of the tax which protection originally imposed is the fact that it has given us industries which have in themselves the power to become more and more productive. It would be hard to deny that much of this increase in productive power which the originators of the protective system anticipated has been practically realized. The manufactures which have been carried through a period of weakness have actually developed competing strength. We have acquired the power to make things far more cheaply than anyone could formerly make them, and the cheapening process still goes on. Thanks to the progressive character of these industries the waste which attended the introduction of them has been largely atoned for. On dynamic grounds and solely on those grounds has the policy of protection fairly well vindicated itself. And now we have come to the point where that saving element in the protective system is in danger of vanishing. Indeed the excessive part of the protective tariff now acts positively to check the progress that it once initiated, for monopoly is hostile to that progress. The whole force of the argument based on mechanical invention and the development of latent aptitudes in our people now holds as against the monopoly-building part of the tariff. Keep that portion of a duty which is not needed to save an independent producer from foreign competition, which is needed only to enable the trust to charge an abnormal price and still keep the foreigner out of our markets, and you build up a monopoly which is unfavorable to continued improvement in the productive arts.

Competition is the assured guaranty of all such progress. It insures a race of improvement in which eager rivals strive with each other to see who can get the best result from a day's labor. It puts the producer where he must be enterprising or drop out of the race. He must invent machines and processes, or adopt them as others discover them. He must organize, explore markets and study consumers' wants. He must keep abreast of a rapidly moving procession if he expects to continue long to be a producer at all.

Does a monopoly live under any such forward pressure? Certainly not. It may make some improvements, for it can gain wealth by so doing; but it is not forced to make them or to perish. Here we encounter a wide distinction that is in danger of being overlooked. A vast corporation that is not a true monopoly may be eminently progressive. If it still has to fear rivals, actual or potential, it is under the same kind of pressure that acts upon the independent producer — pressure to economize labor. It may be able to make even greater progress than a smaller corporation could make, for it may be able to hire ingenious men to devise new appliances and it may be able to test them without greatly trenching on its income by such experiments. When it gets a successful machine it may introduce it at once into many mills. Consolidation without monopoly is favorable to progress. With the element of monopoly infused into it, a great consolidation frees itself from the necessity for progress, and both experience and *a priori* reasoning are against the conclusion that, under such a régime, actual progress will be rapid. The secure monopoly may stagnate with impunity, and the reason why many corporations which have looked like monopolies have not actually stagnated is that their positions have not been thus secure. They have had some actual rivals and many potential ones. The part of the protective system which tends to make them more secure in their monopolistic position strikes at the most vital part of the industrial system, the progress within it, the element which adds daily to man's power to create wealth and enables the world to sustain an increasing population in an increasing degree of comfort. True monopoly means stagnation, oppression and what has been called a new feudalism, while consolidation without monopoly means progress, freedom and a constant approach to industrial democracy. One of the essential means of securing this latter result is the retention of so much protection as is needed to keep American ingenuity and organizing power alive and active while abolishing that excess of it which fosters monopoly and does away with the necessity for exercising these traits. There will be disagreement as to the point at which the dividing line should, in particular cases, be drawn; a protected interest will claim a duty of fifty per cent where twenty would amply suffice and where every

excess above this would be pernicious. There should, however, be no serious disagreement as to what we want — progress and the repression of monopoly which bars progress; and there should be little disagreement as to the principle to be followed in making a protective system contribute to these ends. It must assuredly not bar out the foreigner when the American trust has put its prices at an extortionate level and is using its power to crush all rivalry at home. The good effect and the evil effect of an excessive duty are quite distinct in principle, and the task that is before us is to make them so in practice. It is to abolish the monopoly-building part of the protective system.

The whole question of the relation of the tariff to monopoly presents debatable points, some of which can not here be discussed. It is by no means claimed that an unnaturally high tariff is the sole means of sustaining monopolies, or that the reduction of it would leave nothing more to be done. A great corporation, as has already been said, possesses special means of waging a predatory war against local rivals, and its monopolistic power depends on these as well as on the tariff. With the foreigner forced off the field the trust can use with terrible effect these means of attack on local rivals. It is true that its monopolistic power might be greatly reduced, without touching the tariff, by taking from it its command of freight-rates and thus destroying its power to undersell rivals by means of the special rebates which it now receives; and its power for evil might be reduced still more by taking from it its privilege of cutting prices on its own goods in one locality while charging elsewhere the high prices which the exclusion of the foreigner enables it to get. Regulating trusts by these means only and without any change in the protective system would require, on the part of the people, a long continued struggle. It would require heroic persistence in a course of difficult administration. Success will come more quickly and easily if, while keeping a normal amount of protection, we abolish the abnormal part of it. The other measures for controlling trusts harmonize with this one and will work more effectively if they are used in combination with it.

Without going into any intricacies one can see that, with the tariff at a normal level, the success of the trust in making money

will depend on its efficiency as a producer; and the same will be true of its independent rivals. Again and again it will then happen that new rivals will appear whose mills are far more efficient than many which the trust operates. They may even be more efficient than the best of the mills of the great combination. American producers and foreigners will be in eager rivalry with each other in seeking out means of reducing costs or — what is the same thing — increasing the product of a day's labor. Under the conditions here supposed, the trust will not be able to exterminate a really efficient competitor, and it will feel the stimulus of his rivalry in a way that will force it to be alert and enterprising in seeking and using new devices for economical production. The trust and its American competitor will alike feel the stimulus of the foreigner's efforts to surpass them both in methods of efficient production; and the outcome of it all will be a greater degree of progress — a more dynamic industrial world — than there is any hope of realizing while foreigners are excluded from our markets even when prices are there extortionate. Prices will be extortionate so long as the trusts are checked only by local rivals and are allowed to club these rivals into submissiveness and then hold the field in security. Keeping the foreigner away by competing fairly with him is what we should desire; but barring him forcibly out, even when prices mount to extravagant levels, helps to fasten on this country the various evils which are included under the ill-omened term, monopoly; and among the worst of these evils are a weakening of dynamic energy and a reduction of progress.

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MUNICIPAL ACCOUNTS.

A FIRST STEP TOWARD MUNICIPAL REFORM.

IT is a matter of common knowledge that in the administration of cities there has been much waste of revenue and of resources. It is frequently inferred that public officials have been faithless. If, however, we attempt to establish the truth of this inference, we encounter a serious difficulty: we are unable to determine at what points loss has occurred and to fix the responsibility. As a result of this condition of affairs, neither officer nor taxpayer is able to apply a remedy to prevent extravagance in the use of public funds or to insure fidelity of service. In such circumstances many of our most intelligent and public spirited citizens, after a few spasmodic efforts at reform, have resigned municipal politics to fate, while others, still struggling in the dark, are seeking a method by which intelligent direction may be given to public affairs. Intelligent direction, however, requires light — the light that may be shed by a better devised system of public accounts.

With the enlarged scope of private business, accounting has risen to the plane of professional service, the purpose of which is to devise methods of assembling the data of an enterprise in such manner as to give the best basis for administrative judgment. Without a system of accounts, successful management of even our smaller concerns would be impossible. Many a bankrupt may trace his downfall to the ignorance which comes from failure to provide a means of enlightened control.

A city carries on business of large proportions — a business so complex in its organization that without a complete system of accounts it is almost impossible for officers to perform their duties with intelligence. It is highly creditable to American public officials that in the absence of systematic accounts, and without the knowledge that might be gained through permanent tenure of office, public affairs have on the whole been even tolerably administered.

It may be assumed as self-evident that for an intelligent under-