I should like, at the outset, that there should be a clear conception of the contrast which exists between the successful management of a " business " and the satisfactory administration of a State Department. I propose reading in this connection an extract from the report of an English Royal Commission, which is both pertinent and interesting :—

> " The idea, we believe, has obtained some currency that the work of the Civil Service is not always conducted in a ' businesslike ' manner, and that the application of ' business methods ' to the conduct of the public administration is both practicable and necessary. Indeed, it is often assumed that when ' business methods ' are not applied the reason is to be found in official ignorance, incapacity, apathy, or prejudice.
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> " In dealing with the organization of the Civil Service it is desirable to inquire into, and measure the value of, this criticism, and to mention the points on which the conduct of public administration differs and must continue to differ from the conduct of a private business.
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> " A private business is usually conducted for profit. Profit is its object, and failure of success in earning a profit is not only a sure test of the failure or success of its methods, but an indispensible condition of its continued existence.
>
> " There are half a dozen Government Departments to which the commercial criteria of the successful conduct of business transactions may to some extent be applied; but as a general rule the objects for which public Departments are maintained are wholly different from those of private enterprise. Some advantage to the community as a whole other than pecuniary profit is the object to which departmental administration is directed. That advantage cannot be expressed in a balance-sheet; and, as the Departments are established in obedience to law or public opinion and to meet the necessities of social conditions, they must be administered whether the result be a money loss or gain.
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> " Much of what is commonly described as ' red tape ' is due to the exigencies of parliamentary government; much of the delay and expense of public departments should in truth be regarded as part of the price paid for the advantages of public discussion and criticism of public affairs.
>
> " While, therefore, it is commonly contended that public departments would work more quickly, easily, and economically if they were ' run on business lines,' it is only right to remember that the conditions under which public officials have to work make the complete adoption of such methods impossible, and that if a mercantile firm or company were compelled to work subject to similar conditions it would inevitably be forced to adopt a slower and more guarded procedure.
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> " To sum up, the administration of Government differs, and must necessarily differ, from the activities of the business world, both in the objects to which it is directed, in the criteria of its success, in the necessary conditions under which it is conducted, and in the choice of the instruments which it employs. Any criticism which ignores these vital and necessary points of difference is unfair.
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> " We do not contend that in some of its activities the Civil Service might not and ought not to become ' more businesslike,' but the directions in which such an improvement can and ought to be pursued are not always realized by hostile critics."

It has been truly stated that the general purpose of accounts and accountancy in all undertakings—private and public—is the same. In private enterprises the following purposes are considered paramount :—

(1) To provide information concerning the past operations of the undertaking and its present condition.

(2) To provide the basis for guidance as to the future operations of the undertaking.

These same purposes are equally applicable to public undertakings, and in addition the following have equal importance :—

(3) To provide for the *control* of acts of public officers and the limitation of the raising and expenditure of moneys.

(4) To furnish information to the public concerning the financial operations and stability of government.

Problems of limitation are everywhere present in the administration of public finance as distinct from private businesses. One of the most important means of enforcing these limitations is control through accounts, which must, therefore, be properly divided to serve this purpose effectively.

Publicity has been well stated to be a foundation-stone of democracy, and every citizen is entitled to know the full facts and details concerning every governmental undertaking and transaction. This information can only be made available through the medium of properly prepared and distributed public reports and accounts.

There is an impression that there is a wide dissimilarity between the conduct of Government affairs and private business. This idea is usually founded upon premises only partially true. It is assumed that private business is invariably efficiently managed, free from interference and changes of policy, but that Government Departments are overstaffed with incompetent officers, are subject to continual political interference, and that, if only a business man had charge of affairs, many savings could be effected.

While it is obvious that in any large organization there is always scope for economical readjustment, what critics overlook is that, in the nature of things, there is a wide distinction in principle between State enterprise and private business, in, as I have already pointed out, that the main purpose of the one is public well-being, and the other individual gain.

It is a fallacy to believe that because a man has been successful in amassing a great personal fortune he is, therefore, best qualified to lay down principles of public administration or finance. The