

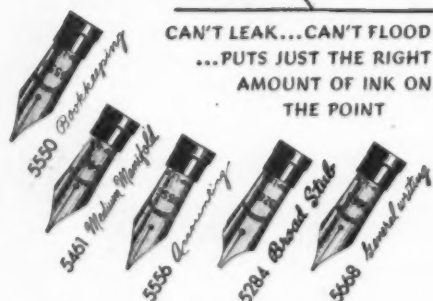
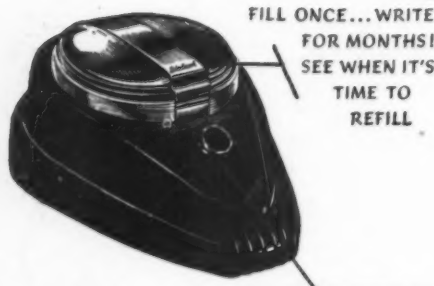
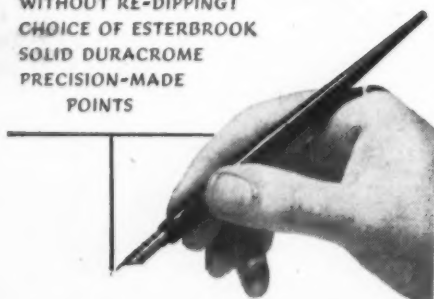
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Can We Afford to Be Free?

by RAYMOND MOLEY

3—U.S.A., Inc.

It has long been customary to liken the government of the United States to a big business. The analogy may be theoretically defective, but for the purpose of this article it is useful here, with minor qualifications. Under this figure of speech the people are stockholders, the Congress the board of directors, and the President the chief and directing head of the institution.

In a business organization the stockholders select the board and receive periodical information about the business. The board determines broad policies, votes money, and directs the expenditure of that money. The head executive is given authority to handle the affairs of the company, with sufficient power and discretion to achieve the largest measure of success.

The board receives reports and verbal information about the enterprise. From time to time the board appoints committees to look into specific aspects of the company and its activities—sometimes to investigate inefficiency, waste, or wrong-doing or to survey possible new activities or projects which will need authorization.

The board also employs outside, independent auditors to inspect the books and activities of the company in order to check and verify the reports it receives from its executives.

The executive directs the keeping of accounts as a part of administration.

Accounting and auditing are quite different matters, although to most of us they look like the same thing.

ALL these essentials of business practice should and could be principles of government. The President, of course, is not selected by the board and in vital ways is not responsible to it. But the Constitution directs him to make reports and it directs Congress to vote all funds and to determine whether they are properly spent. You and I, the small stockholders, are by custom and recognized right entitled to receive full information about our government.

But we stockholders get no real picture of what our government is doing or what it intends to do. As I pointed out in this space last week, the President's budget is a vast jungle of unintelligible figures. We vote and we pay our taxes in a fog of scattered information, political double talk, and massive but incomplete facts. For this, successive Presidents bear the responsibility, for they have permitted the Budget Bureau to grow aimlessly.

But the President is not solely to blame for the failure of government to conform to the simple principles of common-sense business. Our board of directors, Congress, is also responsible. Congress, like the public, operates in a twilight of information. It does not act as a compact body of policymaking and control. It is divided by party affiliations, by local interests, by pressure groups, and by committee departmentalization.

It usurps the powers of the Executive in two ways: first, by slipping into appropriations bills innumerable grants for purposes and interests which have no real place in the President's financial plan. But more important, Congress has so confused the functions of auditing and accounting in the office of the Comptroller General that it has crippled its own means of audit and the President's legitimate right to an accounting system.

THE accounting function still follows the lines laid down by the Continental Congress of 1776, except in the government corporations which were reformed in 1945 and 1946. In most of the government, accounting is archaic, unbusinesslike, and not responsible to the Executive.

Entangled in the enormous task of accounting, the Comptroller General is unable to serve Congress as he should—as a real auditor and investigator, independent of the Executive.

All this situation lies at the heart of the disorganization to be revealed in the Hoover report, and its correction is the very keystone of the Hoover plan of reorganization. How the trouble came about and how it could be corrected I shall describe next week.

