

THE FINANCES OF THE CITY
OF NEW YORK

BY
YIN CH'U MA

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THE AUTHOR'S PREFACE

THE Finances of the Empire City of New York and those of the Empire Republic of China have many points of resemblance. For instance, the method of budget-making in New York City, some six years ago, was very similar to the method used in China under the monarchy, which consisted in granting budgetary appropriations in lump sums, without any definite and clear segregation according to functions and objects of expenditure. Again, the debt of New York City has been allowed to grow to its present size of over a billion dollars, without any attempt on the part of the city officials, until recently, to keep it in check by introducing scientific methods of administration, just as the national debt of China has been permitted to grow to its present size without any attempt on the part of the Chinese officials to check its growth. In the following monograph I have attempted to make a close study of the various phases of the financial transactions of the City of New York, as reflected in the \$841,000,000 of actual cash receipts and the \$844,000,000 of actual cash payments in 1913, and to explain how New York City is now financially maintained. Such a study serves to make clear the means by which the city has passed or is passing out of a financial chaos into a financial system, and affords a valuable lesson for China's benefit. Many of the scientific methods adopted by New York City in reforming her finances have been adopted by other cities in the United States for reforming theirs. Even the United States Government is now making a special effort to use the same methods of budgetary segregation as

are in use in New York City to-day. I see no reason why a system that admits of being copied and successfully installed by municipal and the federal governments in the old Republic of the United States, may not be copied and installed by the provincial and the central governments of the Young Republic of China. The details in each particular case of application may vary from locality to locality, but the principles underlying the details, so far as they are known to me, are practically the same. Even though it will not be easy for China to follow New York City's example, I believe this account of how New York City has been financially maintained, without even a fractional loss of her credit, will be of value to Chinese fiscal authorities, particularly if it be translated into the Chinese language.

For the sake of clearness, I have treated the subject under four separate topics, *viz.* : (1) scientific budget-making, (2) the system of taxation, (3) the administration of the city debt, and (4) the control of revenues and expenditures under the new system of accounting. All of these separate parts are, however, linked together into a continuous chain of logical reasoning, as clearly indicated in the introductory chapter. My chief disappointment is that although I have succeeded in treating the various phases of the subject as a unit, I have failed to describe fully the whole financial situation. This has been due in part, I must confess, to the fact that with so many factors to be taken into consideration, my mind has failed to comprehend all or perhaps even the most important of them. This failure occurred, notwithstanding the great encouragement of my major professor, Professor Edwin R. A. Seligman, who has not only given me valuable suggestions as to the improvement of my work, but has also kindly arranged to have the Series bear approximately eighty per cent of the total cost of printing this book. To him, therefore, is due my most cordial ack-

nowledgment. I cannot refrain from expressing equally deep indebtedness to another major professor of mine, Professor Henry R. Seager, for his excellent remarks made at a seminar meeting, which called my attention to a vital point I had overlooked, as well as for the detailed suggestions and improvements he has made in this book. I am also more than ordinarily indebted to the Hon. Shah Kai-Fu, Chinese Minister at Washington; Hon. Yang Yu-Ying, Chinese Consul-General in New York, and Hon. Francis Chang, Chinese Vice-Consul in New York, for their united effort in securing from the Chinese Government four months' extension of time in which to finish my work; to the Hon. Lawson Purdy, President of the Department of Taxes and Assessment, New York City; Hon. William A. Prendergast, Comptroller of the City of New York, and his assistants, Mr. Duncan MacInnes, Chief Accountant, Mr. Robert B. McIntyre, Expert Accountant; Mr. H. H. Rathyen, Auditor of Receipts; and also to the ladies and gentlemen in the Bureau of Municipal Research, especially Mr. Lindars, and to some gentlemen of the Department of Water Supply, Gas and Electricity, especially Mr. Hawkins.

YIN CH'U MA.

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