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CAROLINA BALANCE SHEETS

A BIT OF RECENT HISTORY

There are five thin little bulletins—dated 1915, 1916, 1917, 1918, and 1919—that exhibit with authority and finality the finances of the state of North Carolina in the years named. In one hundred and ninety essential details of revenue and disbursement they put the state on a comparable basis with every other state in the Union.

These little bulletins leave no room for debate or controversy about state finances in the years they cover—the years from 1915 to 1919, inclusive.

They give to property owners and taxpayers the information they properly ought to have. They give to State Budget Commissions and State Legislatures everything or nearly everything they need to know in a business way in order to consider financial policies in general and bond issues, outlays, and annual maintenance funds in particular.

They leave State Budget Commissions nothing further to do except to inventory (1) state assets in physical properties, in sinking funds, public and private trust funds, investment funds, and the like, in the total general property taxables of the state, in the solvent credits of the state—unpaid taxes, interest and dividends, rents, fees and commissions, and all other unpaid sums due the state, and (2) the current unfunded debts of the state—unpaid bills of all sorts, and so on. All these are additional data for considering budget demands and recommending annual appropriations.

But these further services are alone a whale of a job—big enough to keep a budget officer busy the whole year through, as in South Carolina and Virginia, to say nothing about the 190 details of finance exhibited in the 1915-1919 bulletins of The Financial Statistics of States.

These little bulletins are the work of trained public accountants sent into every state of the Union by the federal Census Bureau at the expense of the general government in the years named. They summarize the detailed records on the books of every official handling state funds, and present these summaries to state budget commissions and state legislatures for guidance in public policies, and they render an indispensable, invaluable service.

Slipping a Cog

But in 1921, North Carolina dropped out of these annual bulletins. "No data reported."

Ditto 1922.

And why?

The story is brief.

The expense of these analyses and summaries of state finance was shifted from Federal account to State accounts in 1920. For two reasons: (1) the seasoned public accountants from the federal office had for five years been working with state officials in standardized public accounting—long enough, the Washington authorities thought, for these state officials to fill out the schedules without federal aid, and (2) if the state officials did the work, they would have these essential data ready at hand for state budget commissions and state legislatures; whereas the published bulletin of the federal office would get to the financial bodies of the various states too late to be of practical service.

The financial schedules of the Census Bureau were sent to the proper state officials in 1921. In eighteen states they were shoved aside or fell into the waste baskets.

And North Carolina was one of these eighteen states.

The officials in thirty states saw the fundamental significance of these schedules and promptly arranged to have them properly filled and returned to Washington in time for publication. In some of these thirty states the legislatures voted appropriations to secure the additional local public accountants and clerical help needed. In others the statehouse officials assumed the extra burden without special extra appropriations.

In North Carolina and seventeen other states nothing was done with these schedules.

Thirty states were quick to see their

essential value, and these thirty states appear in the 1921 Financial Statistics of States.

Perhaps a larger number of states will appear in the 1922 bulletin when it gets to the public nearly a year hence.

But not North Carolina, or not unless we get busy at once.

We slipped a cog in 1921 and 1922.

And now a Finance Committee of the General Assembly must do or attempt to do in a hurry, at great expense in money, at a critical juncture in state history, what ought to have been done well ahead of time by trained public accountants in the State Auditor's office.

Such a situation as this ought never to occur again so long as the state is a state.

Where the Fault Lies

And the State Auditor is not at fault.

The Budget Law of 1919 calls on the State Auditor for just such a financial statement as these federal bulletins exhibit annually. And more—section 7675 of the Consolidated Statutes makes such a balance sheet a stated regular duty of his office.

Two different laws lay this specific burden on him. But no law gives him the money to create and operate the necessary machinery to render such a statement.

It is the old story—perfectly proper legislative demands and totally inadequate appropriations or no appropriations at all to satisfy these demands. The statute books of every state are loaded down with such laws.

If in the future we are to avoid such crises as now confront the legislature, one or another or both of two things need to be done and done at once. Or so it seems to us.

1. Give the state auditor an additional twenty-five thousand dollars a year or more for the express purpose (1) of employing the public accountants and other clerical help he needs in order to render the state the services itemized for him to render in the Budget Commission law of 1919, in section 7675 of the Consolidated Statutes, and in chapter 163 Public Laws of 1921, and (2) of furnishing the data called for annually by the Census Bureau for The Financial Statistics of States. The auditor's office in general needs a larger appropriation, more space, and more clerical help in order to audit the business of the state effectively, and to report upon this business properly.

2. Empower the Budget Commission to appoint a whole-time executive secretary, whose business shall be (1) to work with the state auditor in digesting and summarizing the data needed by the state Budget Commission when it meets on November 1 of every even year as required by law, and (2) to inventory, map, and estimate at their replacement value the physical properties owned by the state, to inventory in detail the solvent credits of the state—unpaid taxes, interests, dividends, rents, fees, commissions, and all other unpaid debts due the state, (3) to inventory the sinking funds, investment funds, public trust funds, and private trust funds in the hands of the state, the places of deposit of all these funds, the interest they bear and so on, (4) to inventory the current unfunded debt of the state, and (5) to secure and present to the Budget Commission in required form all the information it needs to exhibit in full the financial status of the Commonwealth.

Comments

Is there in existence at present so much as a complete and accurate list of the physical properties of North Carolina? Or a map of such properties? Who knows definitely what and where they are, or their value? The Budget Commission called for such an inventory, could not find it anywhere, and learned that not in the entire history of the state, so far as anybody knew had there ever been such an inventory.

Who knows in detail and in full what the solvent credits of the state are—the unpaid taxes, rents, interests, dividends, fees and commissions due to be paid into the hands of some two hundred state and county officials on account of the state and that still remain

KNOW NORTH CAROLINA An Atlanta Verdict

Returning from a two-day visit to the University of North Carolina, I cannot refrain from a word of enthusiastic praise for this magnificent institution, for the work it is doing, and for the legislative branch of the state government for its appreciation of the university system and for the liberal support it is giving it.

What a contrast in Georgia! I draw it with shame, for there is just as much reason why Georgia should support her university system—one of the best organized and best administered to its opportunities there is in America—as there is why Carolina or Virginia should build up such great and powerful institutions, and such forceful educational factors contributing to the general welfare and prosperity of all the people.

There are approximately 2,000 students in the University of North Carolina—the overwhelming percentage of them Carolina boys.

Think of the significance of that fact alone in the material life of the state!

"Thou art a scholar, speak to it, Horatio."

There is not a more significant line in all of Shakespeare than these words of Marcellus to Horatio, a fellow student of the Province of Wittenburg who remained up with the castle guards to investigate the reported midnight appearance of the ghost of Hamlet's father.

The apparition for the third time appeared; and Marcellus, cognizant of the influence of the scholar, in fright and terror, ran to Horatio with this prayer.

What a meaning!

"Thou art a scholar." He recognized the power of the scholar, the man of learning, to cope with the spectre as it appeared upon the ramparts.

Think of the spectres in the national life today—in the individual life—in the civic life—spectres everywhere! Problems that must be met!

And the importance of education!

North Carolina two years ago voted bonds of one and a half million dollars to further equip her university. The improvements—new dormitories, new lecture buildings, new laboratories—are being completed. Another authorization will be made by the legislature now in session to finish the program.

North Carolina maintains her university with an annual appropriation of \$450,000; and this year the budget calls for \$650,000.

What does Georgia do?

My God, people! Shall we continue to starve Athens?—James O. Holloman in the Atlanta Constitution.

unpaid? The various state departments, commissions, boards, bureaus, institutions, and county officials handling state moneys, make their separate reports, but who assembles, classifies and summarizes the uncollected dues of the state?

Who knows or is charged with knowing what the total taxable wealth of the state is? And is able to exhibit the ratios of listed values to sale values in the various counties of the state? It is important, because two and a half or even three million dollars must be prorated to the counties on some basis year by year, and it ought to be intrinsically a fair basis. Besides, it is now proposed to limit the bond-issuing power of North Carolina to five percent of the assessed taxable wealth of the state. The taxables of a state are its

fundamental asset. What is the total in North Carolina? What state authority is charged with announcing the total?

When ever in all its history has North Carolina published such a financial statement as any corporation exhibits when it offers its bonds and stocks in the credit markets of the country? And how could an unimpeachable financial exhibit be made by North Carolina without accurate summaries of assets and liabilities?

The suggestions made call for a few thousand dollars more of state expense; but the present emergency will cost the state in actual money and in reputation many times these few thousand dollars. Such money would be a distinct investment in commonwealth solvency and certainty, reputation and character.

The services proposed are worth to the state far more than they would cost year by year.

The state can have an authoritative exhibit of its finances—annual, monthly, or daily, and this statement can be rendered by the state auditor (1) provided the state auditor can have an account clerk with adequate clerical assistance as a permanent addition to his office force, and (2) provided his office can become a center of control accountancy—which means the amending of sections 7629 and 7630, chapter 129 of the Consolidated statutes. Otherwise not possibly so.

At present no state office is a complete control-accountancy center, and certainly not the treasurer's office. Strange, but so it is.

CROPS AND CARS

One of the really agreeable things about prophecies is that they so rarely turn out to be correct. Take the farmer and the automobile for an example. It has been some years since the first peerer into the future arose and proclaimed that the automobile was destined to bring about wholesale bankruptcy to farming. And about the same time a brother soothsayer came out with assertion that the automobile was certain to cause lessened crop production. Farmers would find so much pleasure riding around in their cars, he gloomily opined, that they wouldn't give sufficient time to their crops.

Well, we might let Monroe County, Missouri, a typical farming county, show how that prophecy turned out. There are twenty-five hundred motor cars in Monroe County, where there were none fifteen years ago. Most of them are owned by farmers. They represent an investment of something like two million dollars and their upkeep costs about half a million a year. Yet bank deposits in Monroe county are more than two million dollars greater than they were when no automobiles were there and when people presumably were saving all that money. And the farm homes of the county are bigger and better furnished, there are more boys and girls in college and more purebred livestock on the farms than there were fifteen years ago.

That prophecy about the automobiles causing reduction in crops has come out every whit as true as the other one. For the third straight year the farmers of America rolled up a total crop production that is of record dimensions.

But let us not be uncharitable; prophecies help to make two smiles grow where only one grew before.—The Country Gentleman.

A FARM COLONY CONVERT

I have had some experience with grain-farming tenants in California, and notably with one who for several years farmed a tract of land at Delhi, which less than three years ago was sold to the State of California and now constitutes the Delhi Colony of the State Land Settlement Board. My tenant farmer cultivated this land for several years in as good fashion as a tenant whose tenure is uncertain and whose interest in the soil is temporary at best could be expected to cultivate it, but he never made much more than a fair living for himself and taxes for me.

But a great change has come over the locality. Under the fostering guidance and care of the state, some 250 families, upwards of 1000 people, own-

ing and cultivating intensively from two to forty acres to the family, are now living happily and prosperously upon the same land that my tenant farmer family of five barely made a living on; and the best part of it all is that most of these families, but for the aid given them by the state, would now be tenants, with all the uncertainty that tenancy implies. Now by reason of their sure tenure and their permanent interest in the soil, they delight in conserving it, strengthening it and cultivating it to its limit in more valuable products, and are thus increasing their returns and the resources of the state.

The state has also introduced in its farm colonies many valuable aids, such as cooperative buying and marketing and community instruction and amusement, all of which make successful and happy citizens, and the result of all these on the land of which I speak has been so profitable for society and the commonwealth that I have become converted to the State Settlement idea.

Farm-Owner Citizenship

I think the best citizen is the landowner—the man who is anchored to the soil. I am thoroughly in favor of a further development of the colonization system that has been adopted by this state; of purchasing large tracts and selling them in small units to people of small means, on very easy terms. I think that policy on the part of the state will make the best settlement of our sparsely occupied areas and in the shortest time. I am surprised there has not been more reference made to that plan here tonight, because it seems to me that the Delhi settlement and the Durham settlement are the two greatest object lessons that could be presented. If you gentlemen could meet these young land-owning citizens in the land settlements, as I have done, if you could meet them in their homes in the colonies, you certainly would agree with me that nothing can be done by this state which will bring men more thoroughly into a feeling of interest in and responsibility for it and for the Union than has been done through these State Land Settlements. Very few of these young citizens have any considerable capital. They have no great need for capital other than intelligence, industry, and thrift. Very few of them have capital to the extent that is thought necessary by most of the tenant farmers, because you must remember the tenant farmer in California must often have a large investment in stock and farm machinery. But these men have been started by the state on small payments and allowed thirty-six years, if necessary, in which to pay for their land, small percentages each year, and in that way the tenant farmer is lifted into a real estate owner, a home owner, a citizen of the highest worth, a man who is attached to and of value to the locality in which he lives, to his state, and to the United States, and who will always fight for both of them.—Edgar M. Wilson, to the Commonwealth Club, in its bulletin, Land Tenancy in California, 1922.

A TAR HEEL NORTH

I have recently had a chance to read about all that has been written upon the subject of the Rural Church and the Rural Minister, and as in the case of every thing else I read, I viewed it in relation to North Carolina. After reading all this material I could not help but realize what a tremendous constructive force rural pastors could be in North Carolina once they were aroused to the opportunity. I wondered if it would not be a great service to the state if the University should hold a conference during the summer or offer special courses designed especially for rural ministers. If only a half-dozen came it would be a great start. If a few could be forced to read such stories as that of Oberlin in the Ban-de-la-Roche, and Morse's Fear God in Your Own Community, and Miss Dewey's New Schools for Old, it would build a bonfire in their brains. Out of these conferences could grow a real North Carolina Country Life Association which could be tied up with the North Carolina Club work and make that an even more potent factor. West Virginia is doing a great deal along this line. I am expecting to go to West Virginia soon to get a direct look into the work and particularly the results. The University has thought all these things out that are just occurring to me, but I am beginning to see the vast possibilities of country life, and I know from working with them just how little prepared they are to measure the vast chances of service to the state in this field.—J. A. Dickey, Cornell University.