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COUNTY GOVERNMENT CHAOS

REFORM OR BANKRUPTCY

The least creditable institution in America today, the least efficient and most wasteful, the thing the average citizen knows least about, the subject most neglected by the colleges and universities of the country, the Dark Continent of American politics, the jungle of American democracy—such are the arresting phrases that have come into common use of late to characterize county government and county affairs in the United States.

The grand jury reports and the yearly balance sheets given to county taxpayers completely justify these phrases, at least in all but a bare hundred or so of our 3,200 counties. These documents make a rare body of literature, and they are well worth studying.

The law in every state calls for a round-up of county finances and an orderly exhibit of the same in every county every year. Last year in eighty-four of the hundred counties of a certain state these exhibits, such as they were, went to the public in the local papers; in a few instances in pamphlet form. In five counties they were merely tacked upon the courthouse doors for lack of county papers. Forty counties published only partial statements and sixteen counties published no statements at all.

As a rule the newspapers carried these statements piecemeal. Instead of giving the entire exhibit in one issue, a half dozen issues or so carried the story of county finances. To get the whole report it was necessary to clip from week to week, file the fragments carefully away, and finally assemble all the parts for study—a tax upon attention that the average citizen is not equal to. Usually the typesetting and proofreading, or lack of proofreading, sprinkle the columns so thick with all sorts of errors as to make the whole thing useless for any purpose whatsoever. As a result the most alert taxpayer throws up his hands in despair. It is a capital way of befuddling the public mind, but it is the common way in most states.

Dark Mysteries of the Tax List

No wonder a country editor was moved to say the other day, "The annual statement in my county is so absurd that I always feel like I'm robbing the treasury when I render a bill for printing the rigmarole." And the bill for county printing was \$1,785—a tidy little sum for a country weekly.

But the money of the taxpayers will be wasted in this fashion for many years to come unless intelligent citizenship demands a businesslike statement of county finances. Here is a problem, just one among many, for county-study clubs to work at.

In fewer than a dozen counties was there any proper assembling of assets, indebtedness, receipts and expenditures for the various purposes of county business. Commonly the exhibits lack a classification of accounts, and therefore nobody can tell exactly how much is spent for this or that purpose—say on paupers, the total number or the per-capita cost; or on highways, the miles built, the average cost per mile of the different types of road, the per-capita daily cost of labor and work animals, or the share of the various townships in the expenditure for roads and bridges during the year.

As a result the average citizen knows little or nothing about county finances, about the tax list and the amazing inequities, inequities and delinquencies it discloses everywhere; about what county revenues are spent for, and whether they are spent wisely or unwisely, effectively or wastefully. As a rule, nobody knows whether or not the county is on the safe side of the deadline—not even the final authority in county finances, whatever may be its name.

For instance, a certain county council in Indiana in 1923 proposed to raise the tax rate by a full third, with enough money on hand in the general fund to finance the county two whole years without any tax levy at all. The finance authorities were stupidly ignorant of the big cash balance, or interested people forgot to mention it, or somebody was getting ready to play a shabby trick on the taxpayers.

We happen to have at hand a copy or two of what impresses us as being a really worthwhile kind of financial exhibit by a board of county commissioners—an orderly a-b-c affair, as it prop-

erly ought to be for the average reader. It is a thin booklet three and a half by six inches, and it is mailed out yearly to every taxpayer in the county. The reader can stick it in his coat pocket and chew on it at his leisure. It is so compact and simple that a way-faring man, though a taxpayer, can read it as he runs and get some sense out of it about the money affairs of his county.

He can see the receipts in detail and in lump sums. Under proper headings he finds just how much was spent for the various purposes, to whom county money was paid and for what—the total expense of courts, juries, paupers, care and feeding of prisoners, bridges, road building and repairs by townships, equipments and materials purchased, interest paid, county office commissions and fees, and so on and on.

He can learn the miles of highway built, the average cost per mile, and the per-capita daily cost of work animals and hired labor. He sees at a glance what the bonded and floating indebtedness of the county is.

A Billion-Dollar Pie

He has a chance to see where the county stands in its finances. And since the same forms of accounting and reporting are used year by year, he knows whether the commissioners are doing better or worse than former commissioners.

It is easy to see that if every county in the state were using the same form of annual exhibit, this or some other, the taxpayer would soon begin to know what counties were using public money to the best advantage and what counties were wasting public funds.

As it is, there is no basis for comparison. In one county in 1914 the convicts engaged in road work cost \$1.13 a day; in another, ninety-five cents; in another, \$1.73. But we just stumble on these differences here and there in the county weeklies. No published state report enables anybody to compare his county with every other in the details of county expense.

County bookkeeping and reporting ought to be simple and uniform, and then the people might know in every county whether or not their commissioners were getting results or getting left.

But at present nobody in the state is in any position to say whether or not the people are getting proper results from the \$75,000,000 the counties are spending on roads alone during the last five years and the \$95,000,000 more spent on other county purposes. And so it is the country over, at least outside the two or three states that require uniform county accounting and reporting upon all public moneys handled.

Of course there are waste and graft in county government—innocent waste by county officials unacquainted with costs and prices, untrained in business methods and easily misled in business contracts; waste because of crude methods of bookkeeping; all kinds of waste, more or less honest waste.

On the other hand, there are waste and graft because organized big businesses want a finger in the annual billion-dollar pie of county expenditures in the United States.

It is usual to find in almost every county somebody who represents these business interests, who plays the game with the local authorities and turns the trick with ease and comfort to his soul. There is money to be made in selling construction materials, heating outfits, furniture and supplies of all sorts, gasoline and oil, automobiles, auto trucks and school buses; in taking contracts to build roads, bridges and culverts, courthouses, jails and school buildings; in controlling bank deposits of public funds, in buying county bonds and lending to county boards—honest money, dishonest money, all sorts of money!

Wherever the business end of county affairs has come under strict review and pitiless publicity, amazing inefficiencies are disclosed. For instance, Alameda County, California, saved \$810,000 in one department in four years by a searching investigation of county business.

In Indiana, since 1909, county officers have returned to the county treasuries the greater part of \$1,600,-

COUNTY GOVERNMENT

The least creditable institution in America today, the least efficient and most wasteful, the thing the average citizen knows least about, the matter most neglected by the colleges of the country, the Dark Continent of American politics, the Jungle of American Democracy, are some of the phrases in common use about county government as commonly found in the 3,200 counties of the United States.

County government is without ideals. County officers serve with no manual of duties, responsibilities and procedure—except in a bare half dozen states. It is a headless affair, uninformed, unregulated, irresponsible, and governed by local custom mostly—regardless of law.

The subject in general is covered by no body of organized information; it has developed no science; and no courses on county government are offered by any American college or university—so far as we know.—E. C. Branson, in the 1917-18 Year-Book of the North Carolina Club on County Government and County Affairs.

000 improperly paid them. Frank G. Bates, in the American Political Science Review, reports a long list of more recent sidelights on local government in Indiana—a bridge built at the public expense on a private road; eight school buildings erected for \$456,000 less than the bond issue proposed for that purpose; only two of forty-two culverts a single county built according to contract; tax levies reduced \$7,000,000 in five years by a businesslike review of local budgets.

The Indiana Way

These inefficiencies get into the light in Indiana, first because the state tax commission, when petitioned by local taxpayers, reviews and revises proposed bond issues and tax levies, and second because the state board of accounts prescribes uniform systems of accounting and reporting in all public offices, state and local, audits all public accounts and undertakes the recovery of all misappropriated funds. The explanation is simple. In a quarter-century local taxes in Indiana have risen from \$19,000,000 to \$100,000,000 a year.

Here is a brief list of innocent and wicked items, chosen at random out of a document upon the county affairs of another state where county taxes have increased almost exactly 1,000 percent in the last twenty-five years:

"A pay roll of \$1,300 or some such amount turned in weekly by a road construction boss; always paid and never checked.

"One hundred nineteen bills, totaling \$15,211.67, paid at one sitting by county commissioners who could not possibly know what the money was spent for.

"A county highway commissioner trades with himself through a dummy roads boss for use of teams in roads construction."

A Trail of Inefficiency

"A board of county commissioners jointly with a county board of education borrowed \$50,000, kept the transaction off the records, deposited the money in a bank whose president was a school-board member, the chairman of county commissioners being a stockholder. The bank was not bonded and failed six months later with total loss to the taxpayers.

"A new board of county commissioners pays a contractor \$1,000 more than he offered to take from the old board.

"The county commissioners pay a highway contractor \$75,000 to get themselves out of a bad bargain.

"Rural police, traffic officers, game wardens, justices of the peace, mayors, clerks of recorders courts and superior courts are required to turn over to the county treasurer for the public-school funds all fines and forfeitures collected; but delayed, infrequent reports or no reports at all are the rule. What the annual loss is to the school funds nobody knows.

"In one county a batch of vouchers amounting to \$70,625.40 for road and bridge work—paid but uncanceled. No mark to show that they had become worthless as evidences of debt.

"No record anywhere in the courthouse showing the indebtedness of the county, and not an official who could

give any intelligent estimate.

"In another county, the clerk of the court embezzled \$30,000 before he was caught.

"Of the last twelve sheriffs in a certain county five have defaulted.

"In still another county the sheriff is both tax collector and treasurer; is short in his treasury account and behind \$100,000 in his tax collections; gets round \$10,000 out of these two offices; spent \$12,000 to get elected."

Such circumstances account for the rising interest among the people in local government and courthouse affairs in America. There are signs of it in every state of the Union.

We happen to know because it has been our particular job the last twelve years to assemble every scrap of print about county government in the United States. It is a whale of a job and it keeps five people busy day by day in the Department of Rural Social-Economics at the University of North Carolina.

For ten years or more pronounced emphasis has been laid on the problems of local government in North Carolina, and at last a state commission on county government and three field research workers are concentrated upon this particular problem. The press of the state, and particularly the country press, is busy with it. The State Association of County Commissioners is sponsoring the movement.

Reform or Bankruptcy

The beginnings of interest in this and other states were confessedly faint and feeble, but the response of the public is now pronounced and emphatic. Everybody seems to know at last that township and county government is almost everywhere a ramshackle affair, that county government in the thirty-two hundred counties of the United States must be improved, and that it must be done in dire self-defense.

The explanation lies in the staggering increase of the tax burden. It is a question of reform or bankruptcy in almost every county of the Union.

The most hopeful thing about the situation is the statement we have heard times without number out in the open country—namely, "I don't mind paying taxes, no matter how much the total is, provided the other fellow is paying on the same basis of valuations, and provided further that I can see a dollar's worth of benefit for a dollar's worth of taxes."

It is worth noting that this growl is not against taxes per se, but about tax inequities and courthouse inefficiencies. It is not a growl against public schools, public highways and public-health work, but a growl against incompetency and waste.

North Carolina's Progress

North Carolina already has three counties operating under county managers distinctly so named, and five other counties have county managers in fact but under other titles. Just recently a group of midstate counties has declared for the county-manager plan, or rather the candidates for county offices are themselves proposing this plan and campaigning this issue. By the time the November elections are over the people of this state will be fairly familiar with the phrase "county manager," if not with its full significance.

The total cost of county government in North Carolina has risen from \$3,000,000 to \$35,000,000 a year, all between 1904 and 1924. A ten-fold increase in county taxes alone in twenty years is a staggering fact in public finance. Meanwhile the volume of county bonds in North Carolina has now reached the huge total of \$102,000,000, municipal bonds have soared to \$121,000,000, while the bonded indebtedness of the state is now \$134,000,000—three-fifths of it for improved highways alone, on a self-financing basis—that is to say, gasoline taxes, license and registration fees are sufficient to cover construction, maintenance, interest and sinking-fund charges.

Mainly these state and local bonds have been issued for better school buildings, improved highways, streets, sewerage systems, water mains and drainage projects. At bottom they are investments in common prosperity and well-being.

Since the Great War, such increases for such purposes have swept the whole of America like a prairie fire and tax increases in other states are very like the tax increases in North Carolina. In 1924 county government revenues the country over were almost exactly \$1,-

000,000,000, or three times the total of ten years before.

Signs of an Awakening

Not everybody pays municipal taxes, for barely half the population of the United States lives in incorporated towns and cities. Relatively very few people pay taxes directly into the Federal treasury, and under the new law they will be 2,333,000 fewer next year. And still fewer pay state taxes in states like North Carolina and California that have abandoned the general-property tax for state purposes.

But the county tax collector knocks at every door, town and country.

At last a new era of public concern has begun, mainly within the last fifteen years, and largely because of Goodnow's thirty-three pages on local government in his Principles of Administrative Law in the United States; John A. Fairlie's work at the University of Illinois; Maxey's Survey of County Governments in Delaware; the books of James, Porter, Shambaugh and others; the chapters of Gilbertson, Dodds and Childs in the National Municipal Review, and the articles of Herbert Quick in The Country Gentleman.

But better still, the folks themselves are at last waking up. The Farm Bureaus beyond the Mississippi are pushing the work of local tax-study clubs and they are asking very embarrassing questions—namely, Who pays taxes, and what becomes of the taxpayer's dollar? The investigations of the farmers' tax-study clubs may not be competent in many instances, but given time they soon might be.

It's Up to the Farmers

And this is not all. It is not the farmers alone that are worrying about taxes. It has come to concern industrial enterprisers in North Carolina and every other state that is moving out of agriculture into manufacture. Perhaps they have been quicker than the farmers to learn that the essential matter of attention is not state taxes but municipal and county taxes.

In North Carolina something like half of our industrial plants are in unincorporated villages or out in the open country, and county taxes on physical properties and corporation excesses have come to be a critical matter. The local tax burdens on mills and factories vary in different counties, and vary so widely as to jeopardize business profits here and there and in some instances to threaten bankruptcy.

For instance, in one county the total taxes paid by the cotton mills amount to \$2.49 per spindle. In another county the total taxes amount to one and a quarter cents per pound of cloth. In another county the tax drops to fifty-six cents per spindle, or three-fifths of a cent per pound of cloth.

So the cotton mills, tobacco factories and furniture plants will, if they are wise, work hand in hand with the farmers for tax equities and business efficiencies in courthouse offices. But it is up to the farmers—farmers everywhere, in every state—to lead the way out of county government chaos.—E. C. Branson, in The Country Gentleman, September 1926.

UNITED ON TAX ISSUE

After surveying the field, we have reached the conclusion that there is one issue on which everybody in this state is agreed, and that is, there should be a more equitable distribution of tax burdens, and that can be brought about only by equitable assessment of property. Alexander farmers and Poe farmers; business men and manufacturers; bankers and laborers and everybody so far as we have heard from, want something done about property assessments and taxes. At this stage, it looks as though the legislature could do something along that line without incurring opposition. It is about the only thing that has practically the unanimous support of all people of all classes. There will probably be some who will complain if an equalization is made, because it would necessarily mean more taxes for those who are not now bearing their share. But those who don't mind doing their part, if they know it is their fair part, will welcome some method of securing an equitable distribution of the tax burden according to a definite standard of assessment.—Durham Herald.