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NEWS LETTER

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COST OF STATE GOVERNMENT

CHEAPEST BUT ONE

North Carolina in 1926 had the cheapest state government in the United States with the exception of Alabama, which barely saved us from last position, or first, as you may view it. This strikes us as one of the important discoveries of the year. We are almost back in our old position which we held for so many years,—the state with the least expensive state government.

The table which appears elsewhere is based on data just released by the federal Department of Commerce and covers the fiscal year ending with 1926. The states are ranked according to the per inhabitant cost of operating and maintaining the general departments of state government. For the fiscal year ending June 30, 1926, it cost \$16,292,822 to maintain and operate the general departments of our state government. This, by the way, was some four hundred thousand dollars less than the cost for the previous year. The per inhabitant cost was five dollars and seventy-five cents which was less than the cost of the state government in any other state except Alabama, which was just nine cents below us. This is hard to believe but the data are reported by the states themselves and checked and tabulated by a federal agency whose business it is to be accurate. Similar data have been released annually for a good many years, and reported in this publication. The highest position North Carolina has held was in 1926 when we ranked forty-second in the per inhabitant cost of state government.

What It Covers

The table covers all current state government cost payments, or what it cost to operate the general departments of the state government during the fiscal year. It does not cover outlay payment for permanent improvements. Such payments are made from the proceeds of bond sales which are retired over a period of years and cannot be considered as a current cost payment. Nor is interest on debt included for any state, because, due to the variety of purposes for which bonds are issued, and methods of financing them, states are not comparable. For instance, in North Carolina about three-fourths of our state debt has been incurred to build highways and to lend to counties for building schoolhouses. The highway debt is cared for by special gasoline and license taxes, while the counties reimburse the state for the school building debt. Such debt does not affect the general state taxpayer. The cost of maintaining our state highways is included, as it is a current cost.

The following items are covered in the table, and states are comparable as all states carry on these general activities: (1) General government, executive, legislative, judicial; (2) protection to person and property; (3) development and conservation of natural resources; (4) conservation of health and sanitation; (5) highways (supervising department and maintenance); (6) charities, hospitals, and corrections; (7) education; (8) recreation; and (9) miscellaneous, mainly pensions to Confederate soldiers.

In our state the highway department operates separately from the general fund, but since highway maintenance is an activity of every state government, the amount spent on maintaining our state highways, and the supervising department, is included in the table which appears elsewhere. This makes the states strictly comparable.

Nevada Continues to Lead

The general departments of the state government of Nevada cost \$26.05 per inhabitant for the year 1926. For several years Nevada has led in the per inhabitant cost of state government. Alabama in 1926 had the least expensive state government, less expensive than North Carolina by just nine cents per inhabitant.

Generally North Carolina ranks well among Southern states, often leading them, but in state government cost for last year we came perilously near ranking last of all the states, Southern included. Several Southern states rank well ahead of North Carolina in current state government expenditures,

notably Texas, Louisiana, Virginia, Florida, and South Carolina. Three other Southern states lead us by a margin of a dollar per inhabitant. State government expenditures have increased rapidly in North Carolina within recent years. But so have they in other states. A decade ago we had the least expensive state government. It is now the least expensive save one, on a per inhabitant cost basis. The facts may not be in accord with the popular belief, but the facts are authoritative. That our state government is efficiently and effectively administered is generally conceded. That it cost so little compared with other states undoubtedly will be a surprise to most people.—S. H. H., Jr.

FINANCIAL EXHIBIT

The federal Department of Commerce announces a summary of the financial statistics of the State of North Carolina for the fiscal year ending June 30, 1926.

Expenditures

The payments for maintenance and operation of the general departments of North Carolina for the fiscal year ending June 30, 1926, amounted to \$16,292,822, or \$5.75 per capita. This includes \$1,923,579, apportionments for education to the minor civil divisions of the state. In 1926 the comparative per capita for maintenance and operation of general departments was \$6.09, and in 1917, \$1.96. The expenses of public service enterprises amounted to \$16,635; interest on debt, \$5,214,374; and outlays for permanent improvements, \$24,280,205. The total payments, therefore, for expenses of general departments and public service enterprises, interest, and outlays were \$45,804,036. The totals include all payments for the year, whether made from current revenues or from the proceeds of bond issues.

Of the governmental costs reported above, \$23,990,981 was for highways, \$2,940,210 being for maintenance and \$21,050,671 for construction.

Revenues

The total revenue receipts of North Carolina for 1926 were \$36,474,774 or \$12.87 per capita. This was \$14,950,943 more than the total payments of the year, exclusive of the payments for permanent improvements, but \$9,329,262 less than the total payments including those for permanent improvements. These payments in excess of revenue receipts were met from the proceeds of debt obligations. Property and special taxes represented 21.8 percent of the total revenue for 1926, 18.5 percent for 1925, and 50.2 percent for 1917. The increase in the amount of property and special taxes collected was 77.2 percent from 1917 to 1925, and 51.3 percent from 1925 to 1926, the increase from 1925 to 1926 being largely due to greater receipts from the income tax. The per capita property and special taxes were \$2.81 in 1926, \$1.92 in 1925, and \$1.20 in 1917. The receipts from general property taxes in 1925 and 1926 were negligible, being only collections on levy of previous years.

Earnings of general departments, or compensation for services rendered by state officials, represented 11.1 percent of the total revenue for 1926, 11.2 percent for 1925, and 20.4 percent for 1917. Business and nonbusiness licenses constituted 43.1 percent of the total revenue for 1926, 49.3 percent for 1925, and 19.4 percent for 1917.

Receipts from business licenses consist chiefly of taxes exacted from insurance and other incorporated companies and of sales tax on gasoline, while those from nonbusiness licenses comprise chiefly taxes on motor vehicles.

Indebtedness

The net indebtedness (funded or fixed debt less sinking fund assets) of North Carolina on June 30, 1926, was \$119,162,556 or \$42.03 per capita. In 1925 the per capita debt was \$33.44, and in 1917, \$3.85.

PUBLIC HEALTH IN DENMARK

Denmark presents a very interesting field for the student of any problem of social welfare and particularly for the student of public health. It is a small country, with an area of 16,600 square miles and a population of about 3,400,

KNOW NORTH CAROLINA
4. Our Tobacco Industry

There are at least two economic pursuits in which North Carolina stands first among the states: (1) the crop production of tobacco, and (2) the manufacture of tobacco products. We lead the states in the number of acres devoted to tobacco production, and in the annual value of the tobacco crop. Kentucky generally ranks first in crop volume but we rank first in crop value as our bright leaf tobacco brings more in the market. The value of the North Carolina tobacco crop last year was \$103,802,000 while the value of the crop of the entire United States was \$245,175,000.

There is no close rival to North Carolina as a tobacco manufacturing state. Complete and satisfactory statistics about this industry have never been assembled, nor are data available from which satisfactory tabulations for all items can be made.

The capital stock of tobacco factories located in North Carolina is not available, nor is the value of the plants available.

The employees in 1925 numbered 20,465, of whom 10,846 were men, 9,519 were women, and 100 were children. Finished tobacco is mainly a product of complicated machinery.

The report of the Commissioner of Internal Revenue shows that North Carolina pays 45.6 percent of all tobacco taxes paid in the United States. The tobacco tax for the fiscal year ending June 30, 1926, amounted to \$172,503,187, and this tax will amount to more than one hundred and eighty million dollars for the year ending June 30, 1927.

North Carolina manufactures sixty percent of all cigarettes manufactured in the United States. We will manufacture this year around forty-eight billion cigarettes, or more than four hundred cigarettes per inhabitant in the United States.

North Carolina produces one-third of all the manufactured tobacco such as pipe smoking tobacco and cigarette "makings" produced in the United States. We are not an important manufacturer of cigars of any class, and no snuff is produced in the state.

The cigarette tax is three dollars per thousand cigarettes, and the tax on manufactured tobacco is eighteen cents per pound. If we assume that the tax paid to the federal Government is equivalent to forty percent of the value of the manufactured products, then the value of output of our tobacco factories last year was approximately \$430,000,000. This exceeds the value of output of our textile industries. It exceeds the value of all farm products produced by our two hundred and eighty-five thousand farms.

Expansion in tobacco consumption has been greatest along cigarette and pipe-smoking lines. These are North Carolina's specialties. We have no close competition as a cigarette-producing state, and we produce more than twice as much pipe tobacco and cigarette makings as our nearest competitor. North Carolina is the Nation's chief producer of bright leaf tobacco which goes into cigarettes and manufactured tobacco. It seems, therefore, that our farms and factories are beautifully coordinated to meet the popular trend.

000. It is a farming country; thirty-one percent of the people earn their living by agriculture and fifty-seven percent of the population live in rural districts. The country has a homogeneous population, ninety-seven percent being native born. The people are above the average in physical fitness. Standards of living and of education are high, and there is a comparatively even distribution of wealth, with a relative absence of poverty.

Mortality rates are very favorable, the general death rate being under twelve per thousand; and the birth rate, although declining, is nearly double the death rate. The average expectation of life is fifty-eight years. The infant mortality rate has been consistently under eighty-five per thousand live births for several years. Typhoid fever

has declined almost to the vanishing point, and in 1924 the death rate from diphtheria was only 6.5 per 100,000, and from scarlet fever 0.9 per 100,000. The tuberculosis death rate is the lowest of any country in Europe.

Many Physicians

All Danish physicians receive the same university education at the same national medical school, the University of Copenhagen, at which instruction is practically gratuitous, the fees for the entire course amounting to less than thirty dollars. There are about 300 medical students, and each year from seventy to one hundred graduates. There is about one physician for each 1,600 inhabitants in the country. Quackery has been forbidden since 1672. The uniformly high standard of medical education in Denmark for all physicians has insured a good quality of medical service, and as a result the physicians are held in high esteem by the people.

Hospital Service

There is no country in which hospital service has been more fully developed than in Denmark. Practically all the general hospitals are public institutions constructed by the municipalities or counties, or jointly by the two. Every county has one or more large control hospitals and several smaller ones. In all, there are 175 general hospitals with more than 14,000 beds or 4.5 beds per 1,000 inhabitants. This compares with 2.6 general hospital beds per 1,000 people in the United States. There are six state hospitals for mental diseases and two mental hospitals in Copenhagen, having a total bed capacity of nearly 6,000 or 1.8 beds per 1,000 population. In addition, there are four institutions for the feeble-minded, with 3,500 beds, and two small homes for epileptics. Seventy percent of the operating cost of the mental disease hospitals is paid from public funds and thirty percent is paid by the patients either directly or through their sick benefit clubs.

Sick Benefit Clubs

Denmark has a system of voluntary insurance against sickness which includes sixty percent of the population between the ages of fifteen and sixty. Approximately one and one-third million people have membership in the sick benefit clubs. A club is usually limited to some special locality, though sometimes it is connected with a special trade. The sick benefit clubs have a public health interest, not only because they have assured to a large part of the population adequate and early medical treatment which is often the best means of prevention, but because they

they have done much to free the individual from the economic consequences of disease. The annual cost per member is about \$4.50.

Child Welfare

Denmark makes very elaborate provisions for child welfare. State expenditures for this purpose reach several million dollars a year. Institutions for the crippled, the blind, the deaf, the imbecile, the epileptic, and tuberculous children have a capacity of 3,045. Adequate provisions are made for orphans and for the care of children whose mothers are obliged to work.

The birth of every illegitimate child must be reported by the attending physician or midwife to the child-welfare council, which organization exercises intimate supervision over these children. The mortality among illegitimate children was formerly very high, but now approximates that of children born in wedlock. About 8,000 illegitimate children are born each year, representing about 10 percent of the total births. A number of institutions are operated for the care of unmarried mothers and their children or for the children alone.

Contagious Diseases

For nearly 150 years regulations have been in effect in Denmark providing the public free treatment for all cases of venereal disease without regard to the ability of the patient to pay, and requiring all venereally infected persons to submit themselves to medical treatment. Free treatment and the obligation to submit to treatment have been the two guiding principles in the control of these diseases.

Smallpox vaccination has been compulsory in Denmark for 116 years, and there is, on the average, scarcely one case of smallpox per year occurring in the whole country. Most of the vaccinations are done at public expense. In Copenhagen a staff for public vaccinations is employed. In the small towns, vaccination clinics are held twice annually, and in the rural districts once annually.

All these things impress the visitor to Denmark. It is true that taxes are high; a physician with a moderate income pays twenty-five percent of his income, and a charwoman twelve percent of her income in taxes, for example, and it is practically impossible now to accumulate a fortune in Denmark. On the other hand, a fortune in Denmark is not necessary in order for an individual to enjoy the "blessings of civilization." For the taxes which are paid, very considerable and tangible services are rendered by the government (state and local). The National Government expends each year one-half of its income for what is termed public health (more properly public welfare), and expenditures by local governments exceed those of the state, with the result that, each year, public expenditures for this purpose average thirteen dollars for every inhabitant.—Adapted from U. S. Public Health Report.

COST OF STATE GOVERNMENTS
Per Inhabitant for the Year 1926

In the following table, based on Financial Statistics of States, Federal Department of Commerce, the states are ranked according to the per inhabitant cost of maintaining and operating the general departments of state government for the fiscal year ending 1926. The table covers all current expenditures, that is, what it cost to maintain and operate the respective state governments during the fiscal year. Outlay payments for permanent improvements are not included, nor is interest on debt included for any state. The cost of maintaining state highways is included.

It cost \$16,292,822 to run the state government of North Carolina for the fiscal year ending June 30, 1926. The per inhabitant cost was \$5.75, just nine cents per inhabitant above Alabama which has the cheapest state government. Our rank was 42nd in 1925, and 47th in 1926.

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Rank	State	Per inhab. cost of state gov't	Rank	State	Per inhab. cost of state gov't
1	Nevada	\$26.05	25	Massachusetts	\$9.37
2	Delaware	18.29	26	Iowa	9.03
3	Wyoming	17.94	27	Louisiana	8.95
4	Utah	14.60	28	Virginia	8.58
5	California	14.43	29	Idaho	8.47
6	South Dakota	13.52	30	Indiana	7.54
7	Washington	13.40	31	Florida	7.87
8	Vermont	13.17	32	Pennsylvania	7.85
9	Maine	13.08	33	Montana	7.71
10	Arizona	13.06	34	West Virginia	7.25
11	North Dakota	12.68	35	Nebraska	7.04
12	New Hampshire	12.41	36	South Carolina	6.98
13	Minnesota	12.34	37	Missouri	6.90
14	Oregon	12.23	38	Kansas	6.83
15	New York	12.01	39	Oklahoma	6.73
16	New Jersey	11.89	40	Mississippi	6.71
17	Connecticut	11.82	41	Kentucky	6.71
18	Maryland	10.78	42	Arkansas	6.32
19	New Mexico	10.47	43	Georgia	6.20
20	Michigan	10.42	44	Illinois	6.04
21	Texas	9.98	45	Ohio	5.88
22	Wisconsin	9.86	46	Tennessee	5.82
23	Colorado	9.66	47	North Carolina	5.75
24	Rhode Island	9.49	48	Alabama	5.66