

# Economy Keynote of Governor McLean's Message to 1927 General Assembly

(Continued from Page One)

achievement, and I shall always feel profoundly grateful for the favorable consideration it gave to the many measures I urged upon it. Its confidence in my sincere determination to serve the people of North Carolina heartened me at the outset of my administration and gave me renewed courage to face the many responsibilities that loomed in my official pathway. My ambition to prove faithful to the trust was stimulated.

Conditions confronting the session of 1925 were the natural results of a change in the economic life and thought of our people. The previous decade had been marked by unprecedented progress in all directions. So, an inventory was necessary. The state had gone forward so courageously and so well that we found it necessary to survey and recast our administrative machinery in order to properly conduct the affairs of the state under the new conditions in the midst of which we found ourselves. It became the duty of the general assembly to conserve, promote, strengthen and lengthen the roots of our security and to consolidate our gains and install new governmental machinery. Drastic retrenchment was at no time considered. Charged methods of doing things, however, were necessary, due to changed and fast changing conditions, in order that we might continue to move steadily forward with safety and conservatism and with a strong determination that progress should in no wise be abated.

As many of you will readily recall, in my campaign for governor as well as in my messages to the general assembly of 1925, I endeavored to stress the fact that expansion had brought about a corresponding need for radical changes in our methods of administration, urging that the time had come to apply to the state's affairs those same business principles and methods necessary to the success of any well-ordered enterprise.

At my request more than 30 measures looking toward the improvement of government administration were enacted by that general assembly. As many of you were also members of the last general assembly and took an active part in the passage of these measures and also because I feel you are interested in their operation, I have concluded to summarize them on this occasion. I feel it is due you and, through you, the people of the state that I should officially give an account of the results that have been brought about. Considering the fact that I definitely asked for the measures, I feel an added responsibility. Had I not been sincerely convinced of their merit, I should never have requested their passage.

### The Executive Budget System

Perhaps the most important measure enacted into law by the general assembly of 1925 was the establishment of the executive budget system. Under the terms of this act, the budget bureau in the executive department became a supervising department of finance and business administration, and the governor was made the executive director. The governor now supervises the business and financial affairs of North Carolina in much the same way that the executive head of a large business enterprise supervises the various branches of that business. No reform instituted by the last general assembly had a more far-reaching and at the same time, simplifying effect. Many intricacies were eliminated and co-ordination of the various departments was brought about. In those days when expenditures by government for both current expenses and permanent improvements have risen to such a high figure and so rapidly as to challenge the best thought of financial auditors, the experience of governments which have adopted the budget system could not be overestimated. The budget system has been adopted by a large number of our states. Business men, who have long been familiar with the budget system, are now able to compare it with the budget system of the state. It is a simple, efficient and economical method of handling government affairs. It has been adopted by our own federal government and many of the states of the nation. The present budget system is as simple as a child's game. It is a simple, efficient and economical method of handling government affairs. It has been adopted by a large number of our states. Business men, who have long been familiar with the budget system, are now able to compare it with the budget system of the state. It is a simple, efficient and economical method of handling government affairs.

The executive budget act became generally effective on July 1, 1925, and I shall have the opportunity to present to your honorable body the first complete budget ever presented to the general assembly of North Carolina. It shows the operation of the executive budget system for one completed year of the current biennium, and also a complete budget covering all appropriations and revenues recommended for consideration by this legislature to be made effective for the biennial period beginning July 1, 1927.

It is with great satisfaction that I am able to report to you at this time that the executive budget system is working with a remarkable degree of success. It has had much to do with

the marked improvements that have been brought about in handling the state's financial affairs, with the result that large sums of money have been saved the tax payers. Proof of this statement will be contained in my budget message.

As a part of the executive budget system the general assembly decreed it to be a fixed policy that current expenses at no time exceed the total revenues available within the same period and that the state maintain at all times a balanced budget. In furtherance of this policy, all statutes allowing appropriations general and unlimited in character were repealed; and every department, institution and other spending agent of the state was placed upon a definite appropriation basis. This brought about a co-ordination of expenditures which hitherto was unknown in North Carolina. In brief, we have safeguarded the fundamental principle of the balanced budget by providing there must be no appropriation without a corresponding provision for the revenue to meet it.

### Salary and Wage Commission

One of the most valuable achievements of the last general assembly was the creation of what is known as the salary and wage commission. While this commission affects directly only the persons in the employ of the state, yet it affords these men and women protection and, at the same time, prevents waste in the payment of extravagant and irregular salaries. The legislation resulted in a system of personnel classification of state employees subordinate to the heads of departments and fixed for them regular hours of work, holidays, vacation periods and sick leave. While there was aroused considerable opposition to this legislation in the city of Raleigh, which made the commission's task a tedious and delicate one, yet this antagonism has already subsided now that the state employees and their friends have come to realize the wisdom and justice of this measure. The act creating the commission was not intended as a blow at the state employees. On the contrary, it was evident that the time was at hand to protect those who were not receiving compensation commensurate with that received by others performing like services in other departments by making a general survey of salaries and establishing an equitable basis. Instances were found where abnormal salaries were being paid to some while others doing work of a like character were receiving much smaller sums. Unreasonably high salaries have been reduced and those unduly low have been raised to a higher level. The commission, composed of men of character, business integrity and wide experience, has, I believe, performed a real service for the state employees and for the state as a whole. The scale adopted is, I think, a dignified scale that compares well with that adopted by business firms that strive to pay just wages. It has been said that it is higher than the scale in many of the other states and compares very favorably with that allowed by the federal government. Certainly, the hours of work are pleasant, allowing employees ample time to carry on their personal pursuits outside of business hours.

### Pardons and Paroles

One of the most constructive and beneficial measures adopted by the last general assembly was the act creating the office of commissioner of pardons in the executive department. Work imposed upon the governor as the result of the constitutional provision giving him power to exercise clemency had become well-nigh unbearable. In the early days of our statehood this did not entail so much labor but, with the increase in population and the consequent increase in prison sentences, the government was unable to handle the mass of applications for clemency. The act provided for the appointment of a commissioner of pardons, who would handle all such matters. A remedy was necessary. At my request, when I was governor with the adoption of the program of government reform, the act was passed. The commissioner of pardons was appointed and his office was established. The act provided for the appointment of a commissioner of pardons, who would handle all such matters. A remedy was necessary. At my request, when I was governor with the adoption of the program of government reform, the act was passed. The commissioner of pardons was appointed and his office was established.

Use of the parole is the only practical expedient in those cases where prisoners have been sufficiently punished and where longer service would not benefit them but prove burdensome to the state or county. In such cases it is far better to pa-

## Presents Program of Progress



GOVERNOR ANGUS W. McLEAN

role the prisoner and keep him under strict supervision.

Putting these principles into effect, I have been able, with the assistance of the commissioner of pardons, to observe and report to your honorable body most beneficial results from the paroles granted by me.

Most cases have been confined to offenses not of a serious nature. Under the strict system of supervising paroled prisoners, I have to revoke only about 25. It would be difficult here to enumerate all the benefits that have resulted from this reform.

### Capital Issues (Blue Sky) Law

Among the measures sponsored by me and enacted into law in 1925 was the capital issues law, popularly known as the "blue sky" law. This has proved to check many wild financing schemes. It has put out of the picture those unscrupulous men who promote "fly by night" enterprises and whose only hope is "to get away with it." Our law is one of the most stringent in America. Some amendments, however, are necessary, including one reducing the tax upon ultimate sales of securities, subject to registration under the act. There should also be an amendment providing for the registration of certain securities of foreign corporations whose standing is as good as that of domestic corporations eligible for registration. This provision will make it possible for dealers in this state to participate in national issues, provide the investing public in North Carolina a wider range of securities and, at the same time, remove the present handicap under which dealers in this state are working. The purpose of this law was to prevent frauds in connection with the sale of securities only. A law designed to prevent fraud in real estate transactions will probably have to be enacted. Under the terms of the capital issues law, I appointed Mr. Allen Maxwell, who called to his assistance Mr. L. M. Bailey, as assistant commissioner. The law provides that the commissioner shall be one of the members of the state corporation commission. This provision was for purposes of co-ordination and to ensure the utilization of a department already existing rather than the creation of new departments.

Mr. Maxwell and Mr. Bailey have rendered the state and its people a valuable service, through the able manner in which they have executed their duties in this connection, saving to investors hundreds of thousands of dollars during the past two years.

### Public Health

North Carolina's progress in public health work is one of the state's outstanding achievements, due largely to the efficient manner in which our health officials have performed the tasks committed to them. The work of the state board of health was increased to a remarkable degree. In my opinion there is no more profitable investment than that which looks toward the prevention and cure of diseases. Protection of health is not only a humane thing but a wise policy from a practical standpoint. A healthy people is a valuable asset. Therefore, North Carolina cannot afford to take any backward step. We must see that this work is carried on effectively.

### Education

Ignorance and vice are so closely related that the former is the seed from which the latter grows and buds into fruition. The fruits of ignorance are so numerous and so hideous that we do not like to think upon them. If we do not find it pleasant to think upon them, then we must seek to destroy them; to make them impossible.

North Carolina's recent progress has been more largely the result of education in its broadest sense than of any other cause. I believe this is a safe statement. Of course, we have

not reached perfection. There will always be tasks to perform—more to learn and a need for improved methods to accompany the onward march of education which, above all other virtues, weighs well and seeks to apply spiritual values. An educated people will always prove a faithful people; a faithful people can always be counted upon to uphold the underlying principles of good government, true religion and that form of charity which is interpreted love.

Speaking in terms of the rate of progress made in public education in the past quarter of a century, North Carolina undoubtedly has outstepped any state in the union. That granted, there still stands us in the face of the fact that education is our most pressing need. The foundation stone of our educational system is the public school. Upon it rests the superstructure of higher education. Without the rudiments of education one can never become a real student. View it as you may that is an undisputed fact. Hence, expansion higher up depends largely, if not wholly, upon the foundation. Unless the foundation is sure the house will be unsafe. Therefore, we must continuously think in terms of expansion and security when giving our attention to the foundation and he will very quickly give you his opinion as to what kind of a building is going to be put up. If the foundation be faulty, he will express doubt. If it be secure and well grounded, he will exhibit confidence.

As I see it, the most pressing necessity of our public school system is to create the opportunities of elementary and high school education for the children of our rural districts, as far as we are able to do so. It is readily admitted that there are many conditions which make the improvement of our rural schools a very difficult task. Among these, I mention the wide inequality in the distribution of population and taxable wealth and the almost complete isolation of many counties in the extreme eastern and western sections of our state.

To supplement school funds derived from local taxes, the state is gradually increasing what is known as the equalizing fund, which is distributed among the less wealthy counties in order to afford them increased educational opportunities. Thus, these counties have been substantially benefited and their morale and educational zeal have been fostered rather than hindered, as would have been the case had they been left entirely dependent upon their own taxation resources. In this connection, I desire to point out that the budget report will show an anticipated increase in the equalizing fund for the next biennium that will bring the total amount of state aid to a sum in excess of \$3,000,000 a year, when taken in connection with state aid for other school purposes.

We must not yield to the temptation to become discouraged at our inability to quickly solve our difficult public school problems. There are times when this temptation makes a strong appeal, but we must remember that progress in education, like progress in any other line, is a matter of growth. The task we must keep constantly in view is to provide means that will afford every boy and girl in North Carolina, even those in the remotest rural sections, an equal opportunity for a grammar and high school education at public expense.

This is a duty we cannot shirk, if we would hold fast to the principles that fired the breasts of some of our noblest men and women who helped to bring our beloved state to its present respected status. We must face handicaps and press on towards the goal. No part of our educational program is more important at this time than the imperative need of a sufficient number of thoroughly trained and equipped teachers for

our public schools; for, after all, well trained teachers, who are in daily contact with our boys and girls of tender age, can do more to improve their educational opportunities than all the intricate machinery you and I might set into motion.

The greatest need for a trained personnel is in the elementary schools. I feel, and I am sure most of you do, that a considerable part of the expenditures we are making for the operation of our elementary and high schools is not bringing a dollar's worth of service for every dollar spent, for the reason that we lack a sufficient number of trained teachers.

For the reasons I have just mentioned, our state institutions for teacher training occupy a most strategic position in our system of public education. Primarily we must look to these institutions for an adequate supply of trained teachers. I have given this phase of our educational endeavors most serious consideration. As the result, I have reached the conclusion that by gradually expanding our present teacher training facilities in the teacher training colleges as well as in our other institutions of higher learning, and by increasing the number of county high schools set apart and conducted for training elementary teachers, the existing need will be gradually supplied. The remedy may not be instantaneous—it cannot be—but it will be lasting as well as sure. In the budget to be presented to you for your consideration provision has been made to carry out this program for both white and negro institutions.

Our State University, State College of Agriculture and Engineering and the North Carolina College for Women are making very satisfactory progress in supplying the needs of those seeking wider fields in both academic and vocational education. We must provide means for the steady and reasonable expansion of these institutions.

Realizing that, in spite of the great progress we have made, there remained unsolved many serious problems relating to both administrative control and financial support of our educational system which ought to be given immediate and earnest consideration, I requested the last general assembly to provide for an educational commission, which it did. This commission was charged with the responsibility of making a complete investigation of the cost of our educational system, the means of collecting and disseminating accurate information as to the system and recommending measures for its improvement. As members of this commission, I appointed able and conscientious men and women to investigate and report their findings of fact, together with recommendations; to this session of the general assembly. The personnel of the commission represents both school administrators and taxpayers. I hope you will find in this report, when it is presented to you, such material as will enable you to formulate creative measures for present, judicial and future generally in your deliberations on the subject of education. It is highly important that the public schools shall function along the lines it was intended they should function, rendering maximum efficiency, as they have to do with the greatest number of people and the widest range of our population. They must not only be made highly efficient but must be so constituted and governed that they will forever merit and win the respect and confidence of the people of the whole state. For them to fall short of this would be failure. Our educational system cannot progress without the confidence of the taxpayers.

### Agriculture

Agriculture has always been the base industry of all peoples and nations. It means food and clothing, two necessary elements. And today it is the base industry of North Carolina, affording a livelihood directly to one per cent of our people and controlling indirectly to the prosperity of all. Our agricultural industry should, therefore, receive preferential consideration and the fostering care of our state and national governments.

I believe that the only sound remedy for our agricultural depression especially in eastern North Carolina is the reduction of acreage planted to cotton and the substitution of other farm activities in the following order: (a) hog raising, (b) poultry raising, (c) trucking and raising of dairy products, first to supply butter and milk at home and, secondly, to produce a surplus for economical sale.

No general assembly, no government agency, no practice of good will for the farmer will greatly aid him until he decides to work out his own salvation. He can do that only when he learns to appreciate his situation, take stock of his advantages and realize the necessity of improving his methods by thinking and acting in his own interest, as do his competitors in other vocations.

After much deliberation, I have reached the conclusion that if the farmer's interest, particularly in the remote rural districts, is ever completely captured it must be through the rural schools as community centers, where the present extension and education forces may have the opportunity of reaching a larger number of individuals at stated intervals and thus appealing to them in the mass. I have urged that the agricultural and educational forces of the state launch a campaign to teach the farmer the true value of diversification, and I am pleased to report to you that such a campaign is now in progress. A definite plan is being worked out and will be put into active operation when the details shall have been arranged.

### Law Enforcement

Our state has made great progress in law enforcement during the past

two years. Outstanding proof of this can be found in what are known as the Needleman and Mansel cases. In both instances those who undertook to take the law into their own hands and lynch it were severely punished, most of them being imprisoned, others fled. There is an ever increasing reaction against lawlessness; and it is with peculiar pride that I am able to report to you that there has not been an actual lynching in North Carolina since my term began. In fact, the last lynching in this state occurred six years ago. I am determined there shall be none while I am governor if quick action can prevent it. When law and order can "beat the mob to it," it will always win.

While violations of the prohibition law are all too frequent, I believe there has been gradual improvement during the past few years. The homicide record in North Carolina is still too high, though there has been evidence of a decrease during the past year. As a means of reducing the number of unlawful killings in this state, I urge upon you the necessity of throwing further restrictions about the sale of concealed weapons and of providing more severe punishment for those guilty of carrying such weapons. The minimum should be increased, and no court should be permitted to suspend it. Bear in mind the fact that guns and pistols are made to kill with. You may not be able, even through the passage of laws, to take from the mind of the lawless man the desire to carry concealed weapons, but you can place a higher value on human life by increasing the punishment of the murderously inclined who demonstrate their inclinations by carrying weapons about with them. I urge that you give this subject your serious consideration. We must throw every safeguard about human life, for it is the state's greatest asset.

### Courts and Judicial Procedure

My experience of the past two years in trying to find judges to hold extra sessions of superior courts has convinced me that our regular judges, though they are worked to the maximum degree, are wholly inadequate to supply our present need. Especially is this true when requests for extra terms are considered. The regular judges held an average of 44 weeks of court during 1926 and many of them had very little rest period during the whole year. I found it necessary to provide emergency judges under the act passed in 1925, to hold 105 weeks of court since the statute went into effect. In some instances the emergency judges held the regular terms where for some reason the regular judges were unable to hold them. It will be recalled that I did not suggest or urge the 1925 statute, which was adopted only as an emergency measure after it was found that no satisfactory re-directing agreement could be reached, in that there seemed no way that was constitutional to provide the six extra judges who, it was agreed, were necessary without providing six additional solicitors, who were not deemed necessary. And so the emergency judge act was passed as a relief measure that could be enacted without constitutional transgression. This act expires on March 1, 1927. The only permanent and satisfactory remedy, it seems to me, is a constitutional amendment, changing our whole judicial articles by providing that the supreme court shall be the only constitutional court and giving the general assembly full power to provide such courts inferior to the supreme court as conditions may, from time to time warrant, and providing also that appeals shall lie from all important courts of record direct to the supreme court.

I conceive it to be your duty at this time to make careful study of the whole situation and provide, at this session, temporary relief, either by some plan of appointing a larger number of regular judges or by extending and amending the act of 1925 in such way that these judges can be appointed for longer periods, if that is feasible.

### Judicial Conference

The last general assembly provided for a judicial conference composed of the chief justice and the associate justices of the supreme court, the superior court judges and solicitors of the state and twenty bar members appointed by the governor, together with the attorney general of the state. Each bar member represents a judicial district. I am advised this conference, which, during 1925, organized and began its deliberations, will soon present a report to you containing such recommendations as it deems advisable. I am convinced of the fact that the meetings of this body, named to make a special study of our courts and their needs, have been productive of much good. The judicial conference is a continuing body, and its members, due to the personnel, are eminently qualified to make a critical study of our courts and judicial procedure. I am convinced that provision should be made to pay the actual traveling expenses of the members of the conference for attendance upon the two yearly meetings. A sum for this purpose will be included in the budget appropriation bill when it is presented to you.

### Rail and Water Transportation

We must continue our fight for fair, just and equitable freight rates for our people and to prevent discrimination against them. The very nature of this problem means that advancement must be step by step. Numerous favorable developments in transportation have taken place during the past biennium. As to railroad transportation rates, our state has, through its corporation commission continued its efforts to secure just interstate rates and remove alleged discriminations. Within the past year the proceeding involving a complete revision of interstate class

(Continued on Page Three)