

THE SUPREME ISSUE IS "ECONOMY IN PUBLIC EXPENDITURES," SAYS MAXWELL

High Spots As We See Them In The Announcement Published Sunday Morning

Lengthy, But Work Your Time And Attention

To the People of North Carolina:

While generous friends in all sections of the State have offered encouragement to undertake the ordeal of a candidacy for Governor, the consideration that I have been endeavoring to determine in my own mind is whether such candidacy would fit into the needs and conditions of the time for my state and party. I have been encouraged to decide that it will, both by the expressions of friends, and by the fact that for years, in season and out of season, I have urged a political philosophy that present conditions demand if we are not to be crushed by excessive burdens of debt and taxation.

As from month to month economic conditions have emphasized the necessity for a drastic policy of readjustment in the total cost of government, it has seemed clearer to me that I owe the obligation of carrying this issue to the whole people of the state, who bear the burdens of government as well as receive its benefits.

The supreme issue which I wish to present—the issue which in its imperative demands dwarfs all others to be determined in the next primary, cannot be described as "economy in public expenditures." From the time whence the memory of man runneth not to the contrary candidates and platforms have pleaded the cause of economy in government. Present conditions demand the abandonment of platform euphemisms and the adoption of plain language that fits the times and conditions under which we live.

Readjustment of Public Burdens

If we are to preserve our social order; if we are to save the homes of our people; if agriculture, business and industry are to survive the ordeals of this time; if we are to restore conditions that permit normal employment of labor, we must summon the wisdom to direct and the courage to undertake and perform a substantial readjustment of public burdens. This is the paramount issue before the people, and to the achievement of this goal I pledge the utmost of my ability and experience in public affairs. The market value of our three principal crops of corn, cotton and tobacco in 1928 was \$214,000,000; in 1931 it is now estimated at \$109,000,000. Our total tax bill of \$102,000,000 is nearly equal to the combined market value of these three principal crops. It would take the entire crop of cotton produced in the state for four years to pay our tax bill for one year, according to the present market price of that commodity. Our annual tax bill in this state is greater than the entire annual income of all domestic and foreign corporations earned in this state. In a delusion of wealth and prosperity that is ours no longer, and in our ambition to provide the broadest possible pro-

gram of public service, public expenses have reached a scale that cannot reasonably be maintained. To attempt to carry the full weight of this burden is to invite disaster to our whole structure of social service. To delay readjustment while our burdens accumulate will be disastrous. This is not a fleeting fancy; it is a reasoned and deep conviction, based upon an intimate knowledge of North Carolina and its taxable resources.

It is not a question of method and form. We cannot meet this situation by devising new and ingenious methods for pumping water from dry holes, or adding pennies to our purchases. There must be a frank recognition of our limitations and a courageous readjustment of our total spending to meet them.

Neither actually nor relatively can we continue to meet the full measure of our present annual tax bill. It is not merely a question of our inherent inability to maintain it. On relative grounds it will be disastrous state policy to continue the effort to do so. Our annual tax bill is one-third greater than that of our next door neighbor, Virginia, which has more actual wealth than North Carolina. To continue a tax load so far out of line with neighboring and competing states will inevitably shackle our future growth and shrink our sources of revenue on which we depend to meet it.

The General Assembly

First, it must begin in the minds and hearts of the people, and must find reflection in the membership of that branch of government that more nearly and directly represents them—the General Assembly. The General Assembly is the fountainhead of government in the state. It is, within the constitution, supreme. It sets the fashion and fixes the standards of public service. While expenses were being rapidly increased for state purposes there gradually developed a custom of placing on legislative pay rolls a large number of employees who had no useful service to perform. To illustrate, the salaries, wages and transportation paid the employees of the General Assembly, exclusive of the salaries of Representatives and Senators, has increased from less than \$26,000 in 1909 to \$116,000 in 1931. The Legislature cannot carry on its own operations on an extravagant basis and consistently impose economy upon all the other agencies of the state.

Higher Education

A second point of approach in readjusting our tax burdens to fit present economic conditions, should be in the total cost of higher education in our state institutions of higher learning. In this suggestion I do not want to be misunderstood. While I know that we can reduce the cost to the public of higher education, I also know that it can be done without lowering the standard of this service to our own boys and girls. For example, out of a total enrollment of 6,321 students at the University, State College and the Woman's College, for the 1st fall term, there was an enrollment of 1,124 students from

other states and countries. They are here for different reasons, of course; but mainly for two reasons, namely, the national reputation of our University and colleges, and the very small tuition fees we charge. We must continue our policy of subsidizing a college education for our own boys and girls, but we have no right to continue to subsidize the college education of this army of non-residents, greater than the total enrollment of the University a dozen years ago. The payment of fees by these non-resident students was \$228,780 less than a per capita average of actual cost to our taxpayers to operate these colleges. This cost does not include any capital cost for facilities furnished. These facilities are furnished by our taxpayers. Our annual debt service requirements, on debts now outstanding for these three colleges, averages \$118 per student, or an additional \$132,632 as a proportionate part for the non-resident students. This covers only the part of facilities for which bonds are still outstanding and that our taxpayers are still paying annual interest on. Twenty-six per cent of our investment and annual expenditures on the University are used for the benefit of non-residents. With its 2,044 resident students it has 720 non-residents, and ninety per cent of these are from states more able than ours to subsidize their education. One hundred and seventy-six are from New York State. Ten blocks of Manhattan represents more wealth than the whole State of North Carolina. Our taxpayers owe no obligation to them, and we have no right to levy this tax on our taxpayers. Our colleges should, of course, be open to non-residents, but they should be charged a tuition fee that covers substantially the cost to the state of the service rendered them.

Public Schools

It is not surprising that extravagances should have crept into the rapid expansion of public school costs. It was a part of the trend of the times through which we have passed with respect to all public spending. Extravagance is both actual and relative. It is actual in the six thousand vacant school rooms, more than half of them in our modern school houses, built beyond the need of their time and place, and representing an investment in excess facilities of about twelve million dollars. It is relative when, however meritorious in plan and purpose, it pushes the scope and cost of education beyond the reasonable ability of taxpayers to meet. Whatever mistakes may have been made, they have been mutual on the part of both people and educational leaders. Frank recognition of economic conditions ought to force a mutual effort, in a spirit of full cooperation and devotion to this supreme aim of our social democracy, to work out this problem without friction, without stinting youth's opportunity, without injustice to those who give their lives to this noble cause, and without oppressive cost and taxation. The cause is too sacred—too close to the hearts of all our people—to permit approach to its solution in any other spirit.

Reduction of Debt

A fourth point in the readjustment of the cost of government lies in a business-like, non-political control of our public debt. North Carolina does not possess sufficient wealth to sustain a 550-million-dollar public debt. There must be an unrelenting stand to limit public borrowing to actual necessities and to decrease our public indebtedness and its annual load of interest. The orderly reduction of state and local debt I conceive to be one of the most important and difficult problems that will face the next administration. We must work out schedules that will consistently re-

duce our debt and maintain faith and credit.

State Support of Public Schools

The state has definitely committed itself to the policy of full responsibility for the constitutional school term of six months. It reduced the property tax for this purpose 15 cents on 1930 values in every county, thus equalizing the standard and cost of schools in every county. As the original sponsor of the program to eliminate all state tax on property, accomplished in 1921, I would again undertake to remove this 15 cent levy as soon as any fair and consistent means can be found to do it.

Taxation

In support of our increasing program of public expenses we have, in session after session of the General Assembly, ransacked the whole range of tax possibilities—in income, inheritance, corporate franchise, privilege and license. By almost common consent the last Legislature went to extreme limits in imposition of these taxes to support its program of property tax relief. It should be our constant aim to improve the text and administration of our tax laws, to keep abreast of changing conditions, to attain a higher degree of equity in our tax levies, and to provide necessary revenue. But the taxes now imposed on business and industry clearly reach the danger point. I thoroughly believe that emphasis should now be given to an adjustment of spending, rather than to a further search for new forms and methods of taxation. Al-

most every form of taxation, in its last analysis, reaches back to those who toil and produce wealth. More taxes is not a remedy for too much taxes.

Quadrennial Re-Assessment

I have always believed in the quadrennial reassessment of real estate, and in making this regular stated inquiry reflect the variations in actual value, and as between particular classes of property. I was actively engaged, under official responsibility, in organizing for this work this year when the General Assembly interrupted it. It finally left responsibility with every local board to hear complaints and make adjustments. Perfection is impossible, but equality in valuation should be our constant aim and diligent pursuit. It is the most vital point in property taxation. Glaring inequalities and favoritism breed contempt for the law. The custom of quadrennial valuation was handed down in wisdom by our fathers, and should be maintained.

One Word More

I ask this much of public confidence: This is an honest statement of what A. J. Maxwell believes. It is not colored for campaign purposes. It is consistent with what

the public has for years known to be my views. It is based on an intimate knowledge, gained over a long period of years, in conscientious study of our problems and the taxable resources of the state. We were getting head over heels into fiscal difficulties before prosperity left us. I believe that I am offering the only sound way out. And I have confidence that, win or lose, North Carolina will be a safer state for the farmer, the laboring man, the home-owner, the home-renter, the business man, and the manufacturer, because of my use of the opportunities of a candidate for Governor to carry this issue to the people.

We are standing at the forks of the road. As it seems to me one leads to more oppressive taxation, and to more forms of oppressive taxation, to sustain a level of public expenses beyond our means—that burdens agriculture and shrinks business and industry; the other to a readjustment of these burdens to meet our necessities, and to maintain an inviting field for producer, capital and labor.

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5-00-19	6.99	13.98
5-25-21	8.57	16.79
5-50-19	8.99	17.98

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