ANNUAL MESSAGE
of
THOMAS G. McLEOD
GOVERNOR
To the General Assembly
of South Carolina
Regular Session, Beginning January 12, 1926.
ANNUAL MESSAGE

of

THOMAS G. McLEOD
GOVERNOR

To the General Assembly
of South Carolina

Regular Session, Beginning January 12, 1926.
ANNUAL MESSAGE

Gentlemen of the General Assembly:

It becomes my Constitutional duty and privilege to transmit to you my annual message.

The year 1925 has been a rather unusual one. The long continued drought of last summer very materially reduced the cotton crop in the Piedmont and adjacent Counties; likewise, there was an almost complete loss of food crops in this section and in these Counties. On the other hand, the crops in the remaining portions of the State were from normal in the Eastern portion to materially increased production in the Pee Dee and the low country. The consequent result is that our main money crop exceeds in production over 100,000 bales the crop of 1924, but on account of the depreciation in price, it is of less money value than the crop of 1924.

The State, generally speaking, has shown some improvement in the financial condition of the people. At the same time, agriculture is not in a flourishing condition, and, financial conditions of our State are always a reflection of agricultural prosperity or adversity. The material progress of the State has been extraordinary when conditions are considered, and as time takes us farther and farther away from the misfortune of depression of 1920, a more hopeful and optimistic spirit is among our people.

You are gathered together again this year and practically the same problems face you as have been present with you before, that is, how to maintain the normal progress of the State, prevent a backward step and at the same time provide fair and adequate revenues for the purposes of an efficient and progressive Government. In approaching these problems let us do so in a spirit of fairness, of justice and of charity, considering the various propositions upon their merit, and endeavor to solve them as far as is humanly possible with justice to all. We are the servants of the people. Chosen as such, individual, corporate or community interests are to be considered only insofar as they effect the public welfare and as a part of institutions of the commonwealth.
AN ERA OF PROSPECTIVE DEVELOPMENT

Before entering upon a discussion of the various questions upon their merit, please let me say that I find that we have the opportunity to be the beneficiaries of the great Southward movement. Attractions of climate, a variety of resources, of soil, water-power, and accessibility of highways, place our State in a position where our citizenship can receive the benefit of this great movement. In order to do so, we must advertise our resources, honestly and fairly; we must sell South Carolina first to South Carolinians and be patriotic enough not to endeavor to attain private ends, or want special privileges, at the expense of the good name and progress of the State. Certainly, at all times the truth should be told, but exaggerating our faults and deficiencies, and so advertising to the world, retards progress and is a greater crime at least than the magnifying of our virtues and of our possibilities.

The questions I will at once proceed to discuss are those matters which will undoubtedly claim your attention, the first of which is:

TAXATION

The problem of taxation is still with us, and more acute than ever. More has been written; more complaints made, and a greater amount of propaganda dispensed than at any time within my previous knowledge. Taxation is a problem in South Carolina acute enough without exaggeration; unequal enough without magnifying inequalities. However, in all that has been said or written, few have advocated or presented any real substantial remedy. The destructive suggestions have been unlimited; the constructive remedies few indeed. It is apparent that a great deal of the agitation is not for the purpose of solution, but for avoidance and individual relief by shifting the burden to others. No great effort has been made to educate the public, but rather, the dominating idea seems to have been to confuse the public mind.

In order to equitably and fairly solve the problem of taxation the present situation of our State in all of its affairs and features must be carefully taken into consideration. The defects realized, they will then be easier of elimination, the inequalities understood, the more susceptible of equalization. It is always to be remembered that if our State is to maintain an effectual form
of Government, if our people are to have the opportunities of education and development, if our material progress is to be advanced, then revenues sufficient for these purposes must be provided.

In previous Messages I have recounted to you the history of taxation in South Carolina. It is necessary, in order that the proper emphasis be placed, to again remind you of our former methods in considering the present. In 1922 there were placed upon the Statute Books the first measures of what is commonly known as indirect taxation. They were income, inheritance, etc. with which you are familiar. Previous to that time, the entire revenues of both County and State were derived, with the exception of a few franchise and departmental revenues, entirely from physical property. This legislation came in response to a demand from the people, emphasized by the times, that the support of the institutions and Government of the State should be shared to a greater extent by the wealth of the State, and by another class who were practically exempt from taxation; physical property continuing and continues to bear the entire burden of County Government. Contemporaneous with the institution of these taxes, the State levy was reduced from 13 mills to 7½.

The extraordinary growth and development of our public school system, our institutions of higher learning, together with the normal increase in the population of the charitable institutions of the State, rendered necessary an increased appropriation for the year 1923. The Legislature of 1923 continued the program of indirect taxation by levying a tax upon cigars, cigarettes, negotiable instruments, etc. Practically no changes were made in the sources of revenue for the year 1924, but the constant growth of State Institutions, and the enlargement of the public school activities, together with the loss of the revenue from the gasoline tax, transferred to the Department of Highways, made the revenues of the State unequal to the necessary demand for appropriations in 1925. After a long, continued struggle, the history of which is fresh in your minds, you imposed an additional tax upon soft drinks and cosmetics, and enlarged certain other taxes, thereby obtaining sufficient revenue for the operation of the State Government during the year 1925, and lowered the levy to the present amount of 5½ mills. The indirect taxes levied so far have been in response to the recommendations as set forth in what is known as the "Marion Report," the most
thorough and comprehensive study ever made of taxation in South Carolina and, except for minor matters incidental to natural changes in the course of years, is still the last word upon this subject.

The requests come before you this year, as expressed in the budget, necessarily increased, the increase reflecting the normal growth of the Colleges of the State and of our charitable institutions. Only a minimum of new buildings have been recommended and only those that are absolutely necessary to the efficiency of the institutions. All of the buildings requested are much needed, yet all have been eliminated except those appearing to be of the most vital importance.

In analyzing the tax situation in South Carolina, I shall first present those defects which are practically undisputed:

1. There is an inequality in the distribution of taxes as between classes of property.

2. There is an inequality in the distribution of taxes as between the owners of similar kinds of property.

3. The inequalities in both instances have their basis of difference in the inequality of valuation.

Various solutions have been suggested. A great deal of misleading propaganda has been spread abroad much of it unfair and unjust and being unfair and unjust, is detrimental, and the utterance thereof an expression of the attainment of selfish purposes, and unpatriotic. Some would be entirely satisfied and earnestly wish to settle the question by repealing all forms of indirect taxation, restoring the original status of 1922. Likewise, they wish to return to the former system of valuation, whereby, by reason of the prestige of position and influence in the local community, institutions of a public nature could again fix their own values. To return to the good old days, when all the taxes were literally wrung out of the soil, and when the farmer not only had the job of feeding and clothing the world, but likewise of bearing alone the burden of Government, except insofar as this was shared to a lesser percentage by other property owners. Taxation, regardless of past history, should be equally distributed. The problem will not be solved by relieving one class of property and placing the additional burden upon another; it will not be solved by relieving productive enterprises and transferring to non-productive; it will not be solved by permitting 50% of the
people of South Carolina to enjoy the benefits of Government, participate in the major portion of the higher educational advantages, as well as public schools, and bear no portion of the support, while property owners and toiling masses provide for them and others these extraordinary facilities.

What then is the solution of the present situation, and of the future needs of the State Government? First, I beg to make certain recommendations in regard to present sources of revenue:

**NON-ESSENTIALS**

I have advocated, both upon the stump and as your Chief Executive, the justice and equity of a tax on non-essentials. My views on that subject are unchanged, and I must earnestly reiterate what I have heretofore stated to you upon that subject. It is contended that the tax on soft drinks, recently enacted, is destructive of the industry. If that is true, regardless of consequences, it should not be maintained, but before deciding that this is the case, more than an *ex parte* showing should be made to the Legislature, or if sales have fallen off, then a comparison with the sale of other articles should be had and the conclusions reached through comparison with due regard to the conditions of the past year. If these enterprises are still making money and reaping profitable returns upon legitimate, not inflated, capital, then there is no destruction or crippling of the industry. A careful investigation by the General Assembly will determine this fact. It is a consumer’s tax, and I must earnestly ask of you that before you relieve them of paying this tax on non-essentials, the owners of the small task of collecting, and place this revenue upon the shoulders of others, or withdraw it from the necessary support of the State Institutions, that you be satisfied that it is destructive or crippling to the industry and, therefore, an injustice. No facts, I am frank to say, have been presented that would cause me to reach this conclusion.

**INCOME TAX**

I respectfully recommend that the State Income Tax be maintained; but that it be re-written in its entirety, eliminating any allusion or connection with the Federal Income Tax.

In re-writing the Income Tax, our State should take into consideration our neighboring State, and make the same as nearly
similar as possible. I suggest a study and reference to the North Carolina Income Tax Law for the reason that this State is more like ours than any other. This should meet with no opposition from those affected thereby. I base this thought on the fact that so very many have constantly referred me to the North Carolina laws upon taxation and expressed their favor for these as compared with ours.

INHERITANCE TAX

I most strenuously advocate the retention of the Inheritance Tax. A message sent you vetoing this Act which was, in my judgment, an indirect repeal of the Inheritance Tax, sets forth fully my views upon this subject.

There is now pending in the Congress of the United States the question of repeal of the Federal Inheritance Tax.

There is likewise a Bill before the Ways and Means Committee which materially reduces the Federal Inheritance Tax, and gives credit to the States having Inheritance Tax of 80% credit thereon.

I appeared before this Committee of the Ways and Means and listened very attentively to the discussions. I have since given the matter a considerable degree of thought, and I think the present Bill is the proper solution of the question. I do not think State’s rights play a material part.

The advantage of the present Bill is a uniformity throughout the Union, and detracts from the alluring invitation of any State to make itself the haven of wealth seeking to avoid this taxation.

It will likewise avoid a subsequent move, which in my opinion will follow, that is, a competitive repeal of State Inheritance Tax Laws.

In viewing this question, I respectfully suggest that you do so from all angles, with a due regard to both the present and future aspects of this question as applicable to South Carolina and other South Atlantic States.

REVALUATION AND EQUALIZATION

This brings us to the real crux of the situation. Upon obtaining an equalization, even approximately, of the distribution of taxation, you will have so far solved the problem as to make
all other considerations incidental. I wish to repeat what I said in my last Message as to Revaluation:

That there exists an inequality in taxation no one can deny. In fact, it is almost humanly impossible to have a system of taxation that will fall equally. At the same time there can be no question that in some instances in our State there is gross inequality. Revaluation of property for the purpose of equalization is necessary and the General Assembly should see that this equalization is made. Revaluation of property as a source of revenue should meet with no favor. There are inequalities, but taken as a whole, farms, for instance in proportion to the profits obtained therefrom are bearing a sufficient if not too much profits obtained therefrom, are bearing a sufficient portion if not too much of the burden of taxation, and it is not increased taxation upon these lands as a whole that is needed, but an equalization so that the burden may be equally borne. The same is largely true of other properties.

There is, however, one specific class of property that is favored in valuation throughout the State. I refer to vacant town and city real estate. The tax placed upon this class of property amounts to little more than that upon farming lands. The owners, therefore, can afford to hold for future profit without making these improvements that would add to the wealth of the community and State, and likewise block the progress of the towns and cities in which the properties are located. This form of property should receive the special attention of the General Assembly and should be taxed as are other properties. This will necessitate the development of the property or the sale of it to those who will develop it. We cannot keep people from blocking progress, but it is possible to cease coddling and nursing the class of property that contributes little in taxation, and blocks the progress and development of the community. For the sole purpose of equalization, I, therefore, recommend that the General Assembly provide for a system whereby all of the properties of the State will be valued at their market value. Inasmuch as the constitutional three mill tax still obtains, it is impossible to tax on the market value, but the same percentage can be applied to all property and thereby equalize. I said before that I would not favor this proposition as a revenue raising measure. Let it be distinctly understood that it is solely for the purpose of equalization. I, therefore, recommend that in the
Act providing for the system of revaluation as herein outlined there be further provision that the total amount of taxes levied in each of the Counties shall not be increased by this revaluation. The plan is entirely workable and would bring about that which is most desirable, namely, the equalization of the burden among those who are bearing it.

In other words, the revaluation and reassessment shall be used as a basis for taxation for the year 1927, but the tax rates levied by the State, counties, cities, towns and special tax districts shall be revised under rules to be laid down by the General Assembly, and such rates shall in all cases be so adjusted that there shall not be any increase in revenues from the general property tax collected in the year 1927 over and above that collected in the year 1926 by reason of such revaluation.

In order to clarify the situation, let me say, the intention of some of those who advocate revaluation and the result they hope to attain hereby, have confused and made it more difficult of attainment. The contention of some is that to value physical property at its real value to lower the millage would solve the problem by reason of the fact that this in itself would raise so much money that it would enable us to repeal all other forms of taxation. This would be unjust and shows a selfish desire to be relieved entirely of taxation, except as it falls upon physical property. I would dare any man to go before the people of South Carolina and proclaim in all frankness this view. Many farmers, on the other hand, are under the impression that a revaluation would increase their taxes and are, therefore, opposed to it. I do not believe that it would. In ascertaining the value of any property for the purpose of taxation, the productivity and dividend paying power of that property must be considered. Land values can only be properly ascertained when together with soil, appurtenances, etc., incomes therefrom are likewise considered. It is only rarely where farm lands now yield a profit and when this material factor enters into consideration, even at the present low valuation, farmers are paying more than their proportion of taxes as compared with other classes of property, bankers, merchants, manufacturers, and even soft drinks.

CLASSIFICATION OF PROPERTY

Equalization can be approximately secured as far as valuation is concerned without classification of property. Equalization as
far as distribution of taxation, even after revaluation, cannot be adequately secured without the classification of property. This requires a Constitutional amendment, and I most earnestly recommend the submission of this Constitutional amendment to the people in the next General Election. An intelligent interpretation of this amendment, I believe, would win popular favor for the measure and procure its enactment.

SEGREGATION OF PROPERTY FOR TAX PURPOSES

It has been my hope and endeavor during this administration that sufficient indirect revenue would be secured in order that the State Government could operate entirely independent of the levy upon physical property. This has been approximated, but not attained. This would present many advantages. It would not lessen the restraint on the expenditure of public funds for the State, but would materially tend to economy in County Government, inasmuch as the attention of the vast majority of taxpayers would be centered as they never have been upon County expenditure. I have frequently called your attention to the fact that the greater part of our tax problem is local and that all effort at economy in order to obtain substantial results should bear this in mind and be so directed. This would likewise tend to bring about an automatic equalization among taxpayers themselves, no part of the tax locally collected going to the State, the citizens would more likely enforce equality as between classes of property and individual owners thereof. Appellate power for the prevention of injustice would necessarily remain in the State agency. It is not likely that additional sources of revenue can be obtained sufficient for this purpose. I, therefore, recommend that you consider segregating some certain classes of property, devoting the revenue obtained therefrom to such an extent as will render unnecessary any levy for State purposes.

The objection readily raised to this is that for the maintenance of County Government this would require an additional local levy. In some instances that will probably be true. In the greater number of instances I believe that economy by way of elimination would relieve the situation. What I say in regard to local economy is likewise State wide. I reiterate what I have so often said on the expenditures of the State Government, which
should be with every degree of economy consistent with efficiency of Government. This rule I have no doubt you are endeavoring to apply.

EQUALIZATION IMPOSSIBLE UNDER PRESENT LAW

Another necessity for revaluation and, therefore, equalization, is made necessary by the operation of the present law, that is, Article 13, providing for Boards of Assessors and Equalization, page 195, *et seq.* Volume 3, Code of 1922. This is a particular section which provides for local Assessors. Valuation is in the hands of these local Assessors. A careful investigation of the operation of this law, together with all amendments, shows that no two Counties have the same method of assessment. In some Counties there is one Assessor to a township; in some there are three to a school district. The Assessors vary in number from six in one County to 90 in another. In other words, in some Counties six or eight men assess the property of the County, in other practically each neighborhood fixes its own assessment.

It is provided that these Assessors be appointed upon the recommendation of the Delegation and commissioned by the Governor. The actual operation of the law in practically every instance is, the County Auditor names the Assessors to the Delegation, and they in turn recommend to the Governor. There are a number of Counties in which no appointments have been made for years, and a large number of those appointed have never qualified. The appointees hold over until their successors qualify. Therefore, the personnel as provided by this chapter is in an entirely demoralized state, both of operation and of record. Practically each town and city has a local Board of Assessors, who value the property of the town and city. The operation of the present law in all of its phases is a prolific source of inequality. In equalizing, the points to have in view are:

1. Equality as between different Counties.
2. Equality as between different classes of property.
3. Equality as between owners of the same classes of property.

In my opinion, this equality, so desirable, will never be had under any form of local assessment. It can be had in the joint operation of a State Agency and local Assessors. The methods followed by the Federal Land Banks, with necessary modifica-
tions, would be applicable to the equalization of property in this State; that is, local Assessors carefully consider and value the property, same to be inspected and reviewed by State Agency, or Board, the values to be fixed by the joint determinate action of both Agencies. In case of disagreement appeal is provided. The same methods, carried through, would eliminate likewise the inequality between different classes of property, as well as between owners. In any event, I most earnestly urge an amendment of the present law, certainly to the extent of bringing about uniformity by the elimination of a large number of local Assessors, and providing more efficient administration with a lesser number, the law to be applicable to the State, and allowing no community or municipality exemption. There can be no possible defense for the glaring inequalities existing between the Counties of this State. An earnest study of the present law itself will suggest a remedy. No one has a right to oppose equality in distribution of taxation. If you will provide a system of equalization, you will have practically settled the tax problem of South Carolina. It must, however, be approached, not as representing any classes of property, or of occupation, but in a spirit of unselfishness, of justice and a desire to deal fairly with all of the people of the State. To “pass the buck” by confusing the public mind and shifting the burden is not a solution, but an avoidance.

REPORT OF “COMMITTEE OF 17”

During the past Summer I called to meet in Columbia a Convention of tax payers representing every phase of ownership of property and occupation in our State. A large and representative gathering assembled and authorized their duly elected Chairman, Dr. George B. Cromer, to appoint a “Committee of 17,” who would make a thorough investigation and study of the problem and report the same to a subsequent gathering of the Delegates.

This Committee has faithfully and efficiently entered upon this work; have made a thorough investigation and study; have had a frank interchange of views, and their report will be duly presented to you. This report is worthy of your careful consideration, and will unquestionably aid you in your deliberations. I bespeak for the report of this Convention your most earnest
and thoughtful consideration. It is an effort to aid, and is not made in a spirit of hostility to the Legislature, but rather of sympathetic co-operation.

6-0-1 LAW

When this law was approved it was claimed that it would stabilize in time the appropriation for public schools, and at the same time, maintain their growth and development. This the enemies of the plan have steadily denied and have predicted dire calamitous results from the operation of the law. The appropriation last year was a much smaller percentage of increase than in any previous year. This year, notwithstanding there has been a decided increase in the attendance and development, the appropriation will not be increased for the maintenance of public schools. The system has vindicated its right to existence and the friends of this law are to be congratulated upon the success it has attained and the progress it has made possible. It is not perfect; it will from time to time be susceptible to constructive amendments. I submit the following recommendation amendatory of the law:

EMPLOYMENT OF TEACHERS UPON AVERAGE ATTENDANCE

The present law provides for the employment of teachers upon enrollment and the schools this year have been operated under this law. I respectfully recommend that the law be amended so as to base employment of teachers not upon enrollment, but upon average attendance. Only those who are present are taught. Average attendance measures, therefore, the necessity for teachers.

Another urgent reason for this change is that in the zeal for the enlargement of community schools there have doubtless in many instances been a duplication of rolls and I fear an investigation would show a considerable number of the padding of the rolls. Average attendance would be absolutely fair and would, in all probability, reduce the Appropriation Bill very perceptibly. It certainly would unless the zeal of those interested expressed itself in securing the attendance of pupils, thereby raising the average attendance. I believe to base the appropriation on this would be the best auxiliary school attendance law ever
enacted by our State. It is absolutely a fair proposition, and had it been in operation this year, I believe the State would easily have saved more than a half million dollars. Had a school survey been made, as requested, this amount would have been saved. I yield to no one the desire to develop our public school system, but to encourage the duplication and padding of rolls, or any other illegitimate method means more than the money lost. \textit{It means the corruption of the fountain of learning at its very source.}

\textbf{SCHOOL SURVEY}

I renew my recommendation made last year for the enactment of a law and appropriation providing for an adequate school survey. To this I will call your attention at a later date.

\textbf{COMPULSORY ATTENDANCE UPON PUBLIC SCHOOLS}

I beg to repeat my message of last year in regard to compulsory attendance upon public schools:

Under the terms of the Act above discussed, we have provided for and have the guarantee of a term of at least seven months for public schools throughout the State. We have upon the statute books a compulsory attendance law. We have now reached the stage where the State should insist upon the enforcement of this law with any necessary amendments to make it fully effective. The children for whom these schools are provided should not be barred or prevented from enjoying the opportunities they offer on account of the indifference, neglect, or wilfulness of their parents.

The enforcement of this law, I believe, will be made easier by carrying out the recommendation heretofore made as to employment of teachers upon the basis of average attendance.

\textbf{HIGHER INSTITUTIONS OF LEARNING}

Each one of our institutions is crowded beyond capacity. The State is to be congratulated that our higher institutions of learning are in the hands of enthusiastic and devoted, educated, Christian men of the highest ideals, and of far reaching vision. The reflex influence, the educated leadership of South Carolina
will be expressed in the lives of the generation coming under their influence.

ABOLITION OF FREE SCHOLARSHIPS AND CREATION OF REVOLVING LOAN FUND IN LIEU THEREOF

Far be it from me to do anything that would cripple any of our institutions and the following recommendation is made with the idea that its acceptance will benefit rather than injure the State. I do not believe that a continuance of free scholarships in our State Institutions is desirable from the standpoint of justice or public policy. However much they may have been needed, and however much appreciated in the past, there is not now the interest or the appreciation of them that heretofore existed.

The line of demarcation between those entitled to receive the benefits and those banned therefrom is oftentimes so very close as to make the decision merely a matter of human judgment, with the incidental liability of error. Frankly, I fear that these scholarships are not generally appreciated as they should be; that they have come to be accepted as a matter of right, thereby lessening the degree of appreciation of the obligation. Many of the beneficiaries show no unusual desire to express their appreciation in the terms of public service. To these, there are brilliant and emphatic exceptions, but generally speaking, I think I have stated the situation. I would recommend that free scholarships in all State supported Institutions be abolished, such legislation to take effect upon the expiration of the life of the scholarships now in force.

I further recommend that in lieu of these scholarships there be created a revolving fund, to be advanced to students upon satisfactory terms, properly safe-guarded, with ample time allowed for re-payment by them after entering upon employment. I feel assured that help extended in this way will be vastly more appreciated than the present free gift of scholarships.

BUILDING PROGRAM FOR HIGHER INSTITUTIONS OF LEARNING

The people of South Carolina, as they had a perfect right to do, rejected a building program as provided in the joint bond
issue for State Institutions. As the opposition to the bond issue expressed themselves, both in the General Assembly and individually through the press, I gathered that all admitted the necessity of a building program, but preferred the "Pay as You Go" plan as cheaper and practically as effective as the bond issue.

Unfortunately, the plan has not been put into operation. The growth of State Institutions makes the erection of new buildings an absolute necessity, or places an effectual stop order upon the attendance, and limits the work of the Institution. Denial of admittance to those otherwise qualified to enter is the denial of a substantial right of a citizen. I respectfully recommend, therefore, that beginning with the term 1926-1927 all of the higher institutions of learning be allowed to retain their rent charges, incidental and tuition fees, to be expended by them in permanent improvements. The increase of these often measures the increase in numbers and necessity of enlargement. This will not make an adequate provision, but it will very greatly relieve the situation; each institution, however, to report to the Legislature the disposition of this fund. Should there be any abuse of the privilege thus conferred, it would be easy of correction.

STATE HIGHWAY DEPARTMENT

In connection with this Department, I beg to state to the General Assembly that I have, in the exercise of the authority conferred upon me by law, authorized, and am now having carried on a complete audit and investigation of this Department with special reference to certain matters called to my attention and made public through the press. This requires an exhaustive examination, and is not yet complete. The Auditors at an early date will report to me and I will then submit to you their finding, together with any recommendations suggested by the report. In the meanwhile, I respectfully ask that any contemplated action in this regard by any Member of the General Assembly be withheld until I have had an opportunity, within a reasonable time, to submit this report. Your concurrence with my request in this matter will be appreciated and the delay will be as short as possible.
REORGANIZATION OF HIGHWAY DEPARTMENT

The Highway Department of South Carolina was organized several years ago, and it was provided that there was to be one Highway Commissioner from each Congressional District. At this time and largely during the continuance of this plan, the only funds available for the use of this Department were the percentage of fees from auto license plates and the Federal appropriation. By subsequent amendment, the membership of the Highway Commission was enlarged from seven (7) to fourteen (14), each Judicial District being made a unit of the Department. At the last Session of the Legislature the office of Highway Commissioner was created. The Highway Department of South Carolina has made wonderful progress. When the amount of funds handled by this State are considered, in comparison with other States, the progress is remarkable. The splendid highways, extending throughout the State, attract favorable comment of outsiders, advertising the State in a favorable light and meeting the commendation of our own people. Prevention of trouble is better than cure, and a careful study of the history of this Department and its operation convinces me that there should be a reorganization of the Department upon a different basis.

The Congressional Districts are political units, and are in no way adapted as Highway Districts through either consideration of population, geography, or topography. Some of these extend from the mountains practically to the Seaboard. They were so constituted by reason of the political necessity of the day of their creation. On the other hand, the Judicial Circuits do not correct this evil, but do give a more generous distribution. The trouble, however, is that a Board of so large a number, no matter how constituted, becomes a judicial and legislative body rather than an executive. It is the intent of the law and the success of this Department depends upon this body primarily as executives. In the very terms of human nature, it is impossible for one so large, at least in South Carolina, to maintain the high degree of usefulness as an executive body. I, therefore, respectfully submit the following recommendations:

That the State Highway Department be re-organized, the State divided into not exceeding five (5) Districts. In constituting these Districts, population, road mileage, topography, geography, etc., should be considered, and the State divided into Districts
with these primary constitutional elements as the integral factors of the Districts. These I beg to state I am having prepared, and will suggest to you a division of the State into this number of Districts, giving these basic facts as information, this, however, subject to such amendments as suggested by your own good judgment as will better carry out the plan in future.

STATE PENITENTIARY

The operation of this Institution under all of the circumstances has been very satisfactory. A Special Committee was appointed by the General Assembly to investigate and report upon the physical condition of the present Penitentiary, together with their recommendation.

I will make no further recommendation until this report has been submitted, but will then ask the privilege of submitting to you a Special Message in regard to the future operation of this Institution.

CHARITABLE INSTITUTIONS

I will not consume your time by going into details in regard to these Institutions. They are accomplishing splendid work, fulfilling their mission, and are most excellently managed.

Their demands are fully set forth in the Budget for your careful consideration, and you will, as heretofore, give due regard and a sympathetic hearing to their requests and needs.

LAW ENFORCEMENT

If the enforcement of law is to be measured by a greater percentage and number of convictions, then there has been an improvement in South Carolina.

In some portions of the State, the enforcement of the Prohibition Law has made decided progress. This is particularly true of the territory north of Columbia, and especially so of the Piedmont and mountain regions. The Great Swamps of the low country have been found to be a better place of operation for liquor enterprises than even the fastnesses of the mountain. "Coffee-pot" stills and similar operators have largely been eliminated, but big stills, backed by somebody's capital, and thoroughly organized, are still operating. Many of them have been destroyed, but they spring up again easily in another place.
Boot-leg-running on a small scale has decreased, but increased as to larger operations. The State and local authorities have largely done their best and have accomplished a great deal. It is impossible with forces maintained, either local or State-wide, to thoroughly stamp out this great evil. Observance of law always has been and always will be a reflection of the attitude of the public. A thoroughly aroused public sentiment, that will express itself in sympathetic upholding of the arm of the law, will do more to stamp out evil than anything else. Little complaint can be made now against the Courts. The certainty of conviction and of punishment is much more uniform and general than heretofore. This will have a desirable effect.

I call upon the people of South Carolina again for their aid and assistance, and remind them that in order that there may be a law-abiding people, there must first be obedience to the laws taught and enforced in the homes of this land. There must be an education of the citizens continued from the home, with emphasis upon obedience to law and respect for the rights of individuals and the public. The pulpit and press are tremendous factors in advocacy of constant obedience to law. Above all else, if people of influence and recognized standing will themselves respect and obey the laws of the land, there would be less violation from the more unfortunate. I repeat an observation heretofore made that any man holding a Commission of the State of South Carolina who allows himself to become particeps criminis in aiding any violator of the law by purchasing or accepting of that which is illegal, unworthily fills his position, and is in no position to administer punishment for an offense in which he has participated.

STATE WIDE LAW REDUCING NUMBER OF MAGISTRATES

My observation has been that there are possibly more than five times as many Magistrates drawing salaries, from small amounts to greater, with the same number of constables, than are necessary. There is practically one in every community of the State, now elected under the primary system by the people, the office frequently in and controlled by politics of the locality or county, the duties often inadequately discharged and more frequently there are no duties to discharge.
Improved road conditions and automobiles have made Magistrates readily accessible to all people. One to two in each county do all the work; the remainder are pensioners and South Carolina locally and State wide is unable to maintain able bodied citizens as pensioners.

There are efficient Magistrates, conscientious, competent and painstaking. What I say is meant to be no reflection on the personnel of these officers. The State does not need all of them; the State is paying them; they are a big expense, and should be largely abolished. I recommend a State-wide Bill providing that the number of Magistrates in any county shall not exceed that county's representation in the House of Representatives, except where the county has only one member and, in that event, the number of Magistrates may be increased to two. The several counties could be re-districted on this basis. The Legislators hereafter would be relieved of much of the inconvenience now consequent upon the election and appointment of this large number of useless office holders.

FOREST PRESERVATION

I think unquestionably the greatest money loss to South Carolina during the year 1925 was the loss of forests by fire. The long continued drought, of course, made every forest much more susceptible of being rapidly consumed. Carelessness of individuals in handling fire caused all over the State wanton destruction of a great asset of the commonwealth. We owe it to ourselves and to the generations to follow that this great resource of the commonwealth be preserved for the use of the present and future generations. The loss we have sustained is sufficient evidence of the necessity of Forest Preservation.

I beg to call your attention to the legislation which will be offered, which is practically what is known as the Alabama Law. I find that in the State of Alabama this law is in operation successfully, with a minimum of cost, and self-sustaining; that they have enlisted public sentiment; that the children of the schools have been taught to look upon this asset of the commonwealth as material for their future homes and have, therefore, been enlisted as preservers of forests and fire fighters for their own possessions.

This legislation appeals to me with a force it never did before, and I urge your careful consideration of this great question.
CONCLUSION

There are special matters to which I shall from time to time call your attention.

In closing, let me say that my relationship with the Members of the General Assembly in the past have been most pleasant and cordial. So far as I can recall, I have had no personal differences. My views have not always met your approval; your actions have not always been in accord with my views. I feel that it is the general purpose of all so serving the State to promote the interests of the people whom we serve. We are the servants of the whole people of South Carolina; we are entrusted with the administration of the commonwealth of the State. I beseech your cordial co-operation in an earnest endeavor to serve the people, to conserve the interests of our State, and to make that degree of progress necessary to the maintenance of happiness and prosperity among us. I pledge you my earnest and sympathetic co-operation in the discharging of your labors and earnestly pray that God will in his wisdom direct all of our deliberations, and that all we say or do may be a contribution to the coming of that Kingdom that shall have no end.