

a beginning and if this publicity works as they feel it will, then the 1929 publicity will be more extensive and the other interests that are sharing in the motor traveler's dollar will see the light and put their money behind this movement.

The Hoosier State Automobile Association hopes that several personally conducted tours over Indiana will be arranged this season. Already the preliminary work is completed for a Rotary, Kiwanis and Lions Club tour. Another tour by the Hotels Association completely encircling the State of Michigan will be made for the purpose of ascertaining the methods that state is using in getting a bigger volume of business than we are getting.

You may wonder why the Hoosier State Automobile Association has made this study and has spent considerable funds in promoting this as a major activity in Indiana. If you think we are right, then we are inviting you to help in establishing and keeping the biggest single business in Indiana for our own.

THE STATE OF INDIANA

By L. S. Bowman, Auditor of State,
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We are prone to magnify and overestimate all good things far away and to overlook many of the advantages, comforts and blessings with which we are surrounded at home. Distance seems to lend enchantment. Other states may excel Indiana in mildness of climate, scenery, sunshine and flowers, all of which are desirable and necessary for play ground, pleasure and vacation, but when the more material and essential things of life are considered, such as industry, diversified production and transportation, Indiana excels.

It is my purpose here today to point out a few facts about Indiana's history, a little of its geography, and something about its industries, and its costs of government.

Name

Indiana derived its name from the word "Indian". Indiana defined, means "The lands of the Indians". The word Indiana was first used as the name of a triangular tract of territory containing about 5,000 square miles which is now a part of West Virginia. This tract was given by the Six Nations of the Iroquois Indians to the Indiana Land Company in about the year 1778 by way of indemnity in the settlement of a

claim for merchandise having been taken by a warring band of Indians. The State of Virginia later refused to recognize the transaction, and in 1798, Indiana ceased to exist, but the name was used again two years later, in 1800, when the Northwest Territory was divided into two parts, the eastern portion being named Ohio Territory, and the western portion Indiana Territory. From 1800 to 1816 the boundaries of Indiana Territory were changed many times in the process of subdivision in the creation of new and additional territories, but the name Indiana stuck to our portion of the territory until 1816, when it was admitted to the Union. The name is a memorial to the race that preceded us.

Not in name only did the American Indian leave his imprint on our state. We have three counties, several rivers, and numerous lakes and cities that bear Indian names. History also records that numerous highways, especially those located in the more hilly portions of the state were formerly Indian trails which were used by the Indians in their pursuit of buffalos which once roamed in large numbers over our state. The Indians followed the buffalo trails and the whites followed the Indian trails which later were improved into our early highways. History states that there probably never were to exceed 15,000 Indian inhabitants in Indiana at any one time. They used our state more as a hunting ground than as a permanent home, and preferred to live among the great lakes for convenience of transportation by water, or in Kentucky on account of milder climate in winter.

Location

Indiana is ideally located in the nation, and if we were today given the privilege of relocation of 36,354 square miles of territory, I very much question whether we would shift her location very far from where it now is. If we should move the boundary south, we should lose our only lake port and also the great industries in the Calumet region; if we moved it farther north we would lose the water transportation facilities afforded by the Ohio River; if the state should be moved westward, we would lose the thriving cities of Fort Wayne and Richmond on the east, with no corresponding gain on the west; neither is there any apparent advantage to be gained by a shift eastward, as we should lose as much as would be gained.

Transportation

Since the work of this conference is devoted to the subject of highways, it might be of interest to briefly discuss Indiana from the standpoint of transportation. From the time of the early explorations until today Indiana has held an impor-

tant position in the matter of transportation. During the period of early settlement the most convenient means of travel was by water. Both the Indians and white settlers made a very general use of rowboats. An early classification of the streams of Indiana gave some 2,500 miles of navigable rivers. We have practically none now, as the rowboat has been displaced by the steamboat for practically all commercial purposes. The most important portage on the North American continent was located where Fort Wayne now stands. As the word "portage" is seldom used in this age, I shall define it. A portage is a carrying place between two rivers. The portage at Fort Wayne was the carrying place between the headwaters of the St. Lawrence and the Mississippi River systems. It was important because it in a measure controlled the travel across the continent on this route. It was important because the portage was only a short distance across, being only about nine miles by one route and seven miles by another. It was important also because of being over fairly level ground which was easily traveled. At first Indians, and later both Indians and whites maintained service at this place for carrying boats and merchandise or baggage from one river to the other for the numerous travelers and traders, which explains the reason for several Indian villages having been located in that region and also why the whites built the fort which was afterward called Fort Wayne at that location.

Indiana borders on Lake Michigan on the north and the Ohio River on the south, which afford water navigation at both ends of the state, and each of which also acts as a barrier in compelling several east and west trunk lines of railways to cross Indiana because it was impossible for them to bridge Lake Michigan and impractical to bridge the Ohio River oftener than is absolutely necessary. While Indiana contains only 1.29 per cent of the area of the United States, it has 2.87 per cent of the railways, with a total mileage of main track of 7,122.6 miles, and side track 6,238.8 miles, making a total of 13,361.4 miles, which with the other railway property owned is assessed for the sum of \$535,332,778.00, and pays one-tenth of all our state taxes. The railroads of this state built the first union railway station in the United States and the first belt railway in the world, both of which are located in the City of Indianapolis.

Indiana is the greatest interurban state in the Union and Indianapolis is the greatest interurban center in the world. There are 2,000 miles of interurban track in the state which, with their other property is assessed for the sum of \$34,739,655.00.

Indiana leads the 48 states of the Union in the percentage of surfaced highways. Indiana has 73,000 miles of highways of which 48,000 miles are surfaced, which is 66 per cent.

Our nearest competitor is Ohio with 47 per cent. Our neighboring states are as follows: Michigan 27, Kentucky 26, and Illinois 16 per cent. Five states have only one per cent each. The average in the 48 states is 17 per cent. While Indiana ranks 37th in size, she has one-twelfth of the surfaced highways of the nation.

Indiana is the "Cross Roads of America" in automobile traffic and occupies an important position on the motor-way map of the United States. East and west traffic moving across the United States avoids Kentucky because of the rugged character of the country and the lack of first class roads. The Great Lakes form a barrier that forces all east and west traffic around to the north or to the south, and more than 90 per cent of automobiles take the southern route through northern Indiana. The two leading trans-Indiana east and west highways are the National Road and the Lincoln Highway.

The famous Dunes Highway is reputed to be the most heavily traveled thoroughfare in the world. It connects Michigan City and Chicago, a distance of some 50 miles apart, and serves as the main gateway into Chicago. It is such a well used route that one may in the course of an hour or two, count machines from practically every state in the Union and almost every province in Canada. On week ends, Sundays and holidays there is an almost solid procession of autos. It has been conservatively estimated that on holidays, such as Memorial Day or Fourth of July, fully 50,000 automobiles bearing 200,000 passengers pass a given point.

State Finances

The people everywhere seem to be demanding that the state shall undertake to administer more directly to their personal needs and welfare, apparently without first counting the cost for additional government service. In Indiana the expansion of state government has been made by the addition of numerous departments during the past twenty years. No state can avoid these new duties and responsibilities which modern life has thrust upon us. We can not neglect our dependents or defectives, or even our highways. The people want and demand these services.

The total net cost of Indiana state government for the fiscal year ending September 30, 1927, was \$40,438,192.14. Following is a list of twelve items showing the expenditures made in 1927 which were authorized by laws enacted since the year 1918, which constitutes more than one-half of the total expenditures made:

Name of Department	Law Enacted	Amount Paid
State Highway Commission.....	1919	\$14,798,310.50
Teachers Retirement Fund.....	1921	1,753,469.85
World War Memorial Plaza.....	1920	442,286.13
Auto Theft Fund.....	1921	215,208.27
Gasoline Tax Refunds and Expenses.....	1923	348,252.50
Gasoline Tax Distribution C. C. & T.....	1925	3,033,599.43
State Board of Agriculture.....	1923	205,949.03
Dunes Park Fund.....	1923	124,685.45
European Corn Borer.....	1927	39,017.98
Bureau of Criminology.....	1927	8,690.80
Automobile Lists (Special).....	1927	17,298.26
Conservation Department, Lands & Struc...	1927	249,972.32
		\$21,236,740.52

It is self-evident from the above that the bulk of the increase in state expenditures has come through the expansion in the scope of function of government. With the tremendous growth in cost of government which the last decade has witnessed it has become necessary to safeguard a further increased demand for revenue. The financial policy of the state was changed by the 1925 legislature by reducing the number of state funds and extending the scope of the budget.

The number of state funds was reduced to seven, which was the smallest number permitted by the statutes. Some of the advantages were as follows: Reduction in number of state tax levies; financing the several state departments by appropriations made from the general fund of the state, under the jurisdiction of budget control; and the elimination of the necessity of borrowing from one fund to temporarily replenish another.

The first budget law was passed in 1921. It became effective and was put into operation in 1923, covering about 31 per cent of the business of the state. The scope of the budget was extended to practically all of the state's business in 1925, which greatly facilitates the work of the legislature in passing the appropriation bill.

Comparative Costs

The cost of state government is small as compared to that of local government. The average total tax rate for all purposes in all of the 1,550 taxing districts in Indiana is \$2.534 on each \$100.00 valuation of property. Of this amount ten-elevenths or \$2.304 is for local purposes, and one-eleventh or 23 cents is for state purposes. But of this 23 cents for state purposes, seven twenty-thirds, or seven cents, is levied for state school revenue, which when collected by the state is distributed back to the ninety-two counties for school revenue purposes. Let us take for an example a tax payer in the average taxing district who goes to the court house and pays \$100.00 taxes. Of this sum ten-elevenths, or \$90.91 is for

local purposes, and one-eleventh, or \$9.09 is for state purposes; but of this \$9.09 seven twenty-thirds, or \$2.77, is the proceeds of the state school levy and is not used by the state but distributed back to the several counties for local school purposes. This leaves only \$6.32 of the \$100.00 of taxes paid for state purposes.

On making a comparison of state government cost of the forty-eight states of the Union, which includes government costs for operation, maintenance and interest, that of Indiana is very low. In a report made by the Bureau of the Census at Washington covering the year 1926, which is the latest report available, the average per capita cost of state government of all the states was \$9.72. The highest per capita cost in any state was \$27.22. The cost in Indiana was \$7.99. There were 15 states in which the cost was less than in Indiana, and 32 states in which it was greater. In making a study of the states in which the cost was less than in Indiana, it is discovered that practically all of these states, except two, are southern and southwestern states which are in most instances far behind Indiana in rendering government services.

State Indebtedness

The history of Indiana reveals the fact that she has been in debt eighty years of the one hundred twelve years of her statehood. In the late forties Indiana was in debt, all told, \$16,000,000.00 on foreign capital for internal improvements. In 1845 the interest burden became so heavy that Indiana was in arrears in the payment of her interest for five years which amounted to \$3,000,000.00.

Indiana's most recent indebtedness was incurred by conditions brought about by the World War. During this period Indiana directed all her energies toward winning the war. During that time and the years immediately following, the purchasing power of the dollar fell to less than fifty cents. Prices of labor and building material were considered prohibitive except for emergency work. As the Federal tax burden was heavy it was thought unwise to increase state taxes at such a time. Consequently the state's building program was almost entirely discontinued, except emergency repairs. The cost of Indiana state government, with war prices prevailing and the dollar with a low purchasing power, was held to a level with pre-war years.

Following this period, from 1921 to 1924, numerous emergencies had developed. Some of the state institutions were badly overcrowded and had large lists waiting for admission. An emergency existed that could not well be longer postponed. Also the state reformatory had been destroyed by fire and it was found advisable to relocate and build an entirely new plant. The result was that a building program that in a regular way

should have extended through a period of seven years was crowded into a period of three years. The general assembly, at the sessions held in 1921 and 1923, provided emergency appropriations for eighty new buildings and forty repair jobs, the total sum for which amounted to \$5,142,996.00. As the Federal taxes were still high and local taxes had materially increased, the state still refrained from raising its tax levy and adopted a hand-to-mouth policy, paying as much as possible and making short-time tax-anticipation loans for the balance, the total of which loans finally reached the maximum sum of \$4,000,000.00. During the years 1925 and 1926 the building program was again reduced to normal and the state was enabled to pay off all its obligations and now has substantial balances in all state funds.

Pay-As-You-Go Plan

The total bonded indebtedness in all of the forty-eight states of the Union reported at the close of the year 1927 was \$1,846,113,577.72. The largest per capita state debt reported was that of South Dakota at \$85.15. The average per capita state indebtedness in the forty-eight states in 1927 was \$15.76. Indiana is one of four states in the Union without any bonded indebtedness. Indiana is one of the outstanding examples of the pay-as-you-go plan of government. Florida, Nebraska and Wisconsin are also carrying out this plan. It is not the rule but the rare exception that states have been able to finance themselves without borrowing. Twenty-four of the forty-eight states of the Union have increased their bonded indebtedness during the last three years.

Gasoline Tax

It might be of interest to report that the total amount of gasoline tax collections during the last fiscal year ending September 30, 1927, was \$10,039,642.39. However, you are more directly concerned with the portion that is distributed on March 1st of each year to the counties, cities and towns. At present there is in the counties, cities and towns fund \$2,963,822.45. It is estimated that the receipts for January and February, 1928, will be \$464,167.04, which totals the estimated amount for distribution on March 1, 1928, \$3,427,989.49. The net amount distributed March 1, 1927, was \$3,033,599.45, which makes an estimated increase over last year of \$394,390.04, or an increase of thirteen per cent. You may, therefore, base your estimate that you will receive about one-eighth more than was distributed last year.

Industry

Indiana has been the center of population since 1890, a period of 35 years, with the prospect of so continuing for

some years to come. From the standpoint of population, Indiana is the hub of the nation, with the other forty-seven states of the Union so located round about us in such manner as to afford to Indiana the greatest convenience in commerce and trade.

Agriculture has always flourished in Indiana. There is no one great predominant crop on which she has to depend, as many different products can be successfully raised. But Indiana is rapidly changing from an agricultural to an industrial state and her industrial development is very plainly indicated by the gradual drift of population from the country to cities and towns, which is very plainly indicated by the Federal census reports. In the year 1900 sixty-six per cent of Indiana's population was rural; in 1910 fifty-eight per cent; and in 1920 forty-nine per cent. Since the World War, which has resulted in a material increase in freight rates, numerous large manufacturing industries situated far east, far west, and far south have found it to their advantage to locate branch factories near the center of population of the United States and Indiana has been able to procure her full share. Indiana can with justification be called the center of the nation's commerce and industry. Industry not only flourishes in Indiana but it is as diversified as American industry itself. It is claimed that if Indiana were cut off from the rest of the world, she would still be able to supply all her necessary wants with numerous luxuries added.

Indiana is:

First in having more miles of railway according to area.

First in having the largest inland railway center. (Indianapolis.)

First in having the greatest interurban center in the world. (Indianapolis.)

First in production of limestone for building purposes, producing more than 76 per cent of the entire output of the United States. (Bedford and Bloomington.)

First in the manufacture of iron and steel from crude ore. (The Calumet region.)

First in musical instruments, excluding pianos, organs, and phonographs.

First in percentage of surfaced highways. (66 per cent.)

First in production of high class draft horses.

First in number of disease-free, tuberculin-tested dairy cattle.

First in production of high class sweet potatoes. (Knox County.)

Indiana led in response to the call for volunteers in the Mexican War, Civil War, Spanish-American War, and the World War.

Indiana possesses the finest Soldiers' and Sailors' Monument, which is second in height only to the Washington Monument.

Indiana has the World War Memorial Plaza. (Indianapolis.) Indiana leads in recognition of authors of books of fiction, such as George Ade, Booth Tarkington, and Meredith Nicholson.

Indiana has one auto for every 4.2 persons, 1 1/3 times the average in the United States.

In Indiana 55.5 per cent of the people own their own homes, as compared with only 36.9 per cent for the United States as a whole.

Indiana is first in quality of corn (not quantity). Indiana has failed only once during the past 15 years in securing the sweepstake prize, and captures from 60 to 85 per cent of all prizes of quality at the National Fat Stock Show at Chicago.

Future Possibilities

The hilly portions of southern Indiana are well adapted by soil and climate to become the best and largest orchard territory in the central states.

Indiana has numerous streams available for further development of water power with possibilities for cheaper light and power.

The completion by Canada of the Welland Canal within the next few years will leave the rapids of the St. Lawrence River the only barrier that prevents ocean-going vessels from entering the Great Lakes. The construction of a waterway around the rapids the same depth and capacity as the Welland Canal will permit eighty per cent of the cargo ships of the world to enter the Great Lakes. Cost of transportation, not miles, measures the distance to markets. Freight can be moved eight miles by water as cheaply as it can be moved one mile by rail. With the completion of this waterway, which may be expected in a few years, the following results will obtain:

1. Indiana will have direct access to the sea.
2. Indiana will derive the benefit of water freight rates.
3. Indiana farmers in the northern half of the state will receive about 5 cents per bushel more for their grain.
4. The Calumet region along the shore of Lake Michigan will be the center of the steel industry of the world.
5. Industry will flourish in Indiana as never before.
6. Indiana's population will double in the next twenty-five years.