

GEORGIA STATE FINANCES DURING THE GREAT DEPRESSION

By

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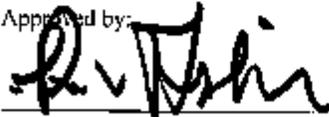
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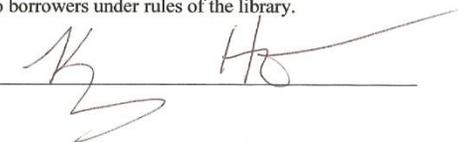


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Statement by Author

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Abstract of  
Kenny Ho's Honors Thesis  
Financial Status of Georgia from 1930-1937

Compiled state financial data has not been closely analyzed between the years of 1930-1937. In analyzing specific information about the receipts and disbursements of the state of Georgia as well as neighboring Southern states, more information can be divulged on how they handled the Great Depression. What is important about the topic is the situation that the states were currently facing during this time period, mirrors in some sense what the states are currently facing right in the present. With a wide and devastating economic downturn and the federal government literally stepping in to allocate funding and try to alleviate the burden on the economy, it plays similar to the Great Depression and The New Deal programs that allocated funding to the states to help the economy. The paper looks at the political structure of the state of Georgia, tax structures and other financial data to understand how Georgia dealt with problem, and areas in which they did not do so well. The paper also includes information about other neighboring states, and how Georgia fared comparative to the other states.

### *Nature of the Project*

The Great Depression was a time of turmoil for the United States. The individual states themselves were specifically dealing with a nation-wide economic crash that had crippled the country. The states had to find ways to help their local economies, while trying to balance their budgets, because balanced budgets were typically required in state constitutions. Therefore, the states did not have the same advantage of running a deficit like the federal government and had to be extremely resourceful in the way they dealt with the crisis. One of the major issues that states faced was how they were going to create more revenue. Many had tried to cut expenses, while other states turned to taxes and fees. The states had to strike a fine balance between increasing their revenues and giving financial support to aid their citizens.

In 1933 President Franklin Roosevelt tried to deal with the Great Depression by developing The New Deal, a set of federal government programs economy meant to deal with the problems of the economy. Many state government wholly embraced the federal support, while other states were weary, believing that the federal government had overstepped its boundaries. In trying to understand how the states had dealt with such a tumultuous time, I turned to two sources, actual printed data from the states' report on spending and revenues called the *Report of the Comptroller-General's Office of the State of Georgia for the years 1932-1937*, and a federally compiled source, the U.S. Census Bureau's *Financial Statistics of the States* for selected years.

State financial data that is readily comparable across states is hard to find for the period of 1931 through 1937. The nature of the state finances, expenditures and receipts is largely unstudied. Analysis of the data is one of first steps in revealing how exactly the state dealt with the Great Depression and President Franklin Delanor Roosevelt's New Deal Program. This

paper focuses specifically on Georgia, but also includes financial and political data from other bordering Southern states to give a better understanding of how Georgia's experience compared with its neighboring Southern States.

The study of Georgia during the 1930s can provide significant insight to current states' deficit problems. The states are facing a similar situation now during a financial crisis that has been exacerbated by a lack of financial confidence. Meanwhile, the federal government recently allocated large sums of money to support financial institutions and to stimulate the economy. During the 1930's and The New Deal the federal government also doled out money to reinvigorate the economy through the usage of social programs. Understanding how the states reacted to the economic crisis of the 1930s gives an understanding of the many facets and challenges that the states currently face and what may be the proper way of addressing them.

### *Background*

Georgia was not spared from the Great Depression of 1929. Georgia's agricultural sector accounted for approximately 53% of the income in the state and took such a sharp hit that many of the farmers began to lose their land (Henson 1991, 6). The price of their major cash crop, cotton, had dropped from 35 cents in 1917 to 7 cents in 1932 (Meyers 2008, 254). Along with the worsening economy came an increase in the number of the rural poor. The situation became increasingly worse. Writer Erskine Caldwell wrote about his own personal experiences during this time:

I could not become accustomed to the sight of children's stomach bloated from hunger and seeing the ill and the aged too weak to walk to the field to search for

something to eat. In the evenings I wrote about what I had seen during the day, but nothing I put down on paper succeeded in conveying the full meaning of poverty and hopelessness and degradation as I had observed it (Cobb 1997, 50).

The problems arose in part due to problematic agricultural practices. Arthur Raper, who had investigated the techniques and status of agriculture in Georgia, argued that Georgia farmers were following outdated and ineffective farming practices. Many lacked understanding of how their planting choices had depleted the soil. Raper also commented that crippled institutions were unable to assist the farmers at this time (Cobb 1997, 49). With all the problems accumulating during the 1930s, writer H.L. Mencken, declared Georgia to be as the “worse state in the country,” (Cobb 1997, 48). Using different quantifiers to rank the states such as financials, education and health, Georgia ranked 45<sup>th</sup> in wealth, 46<sup>th</sup> in education and 43<sup>rd</sup> in health out of the 48 states (Cobb 1997, 48).

What is always important in understanding the structure of Georgia’s state government in the 1930 is the racial tension that pervaded the entire culture. In the 1930s it was a disadvantage, and sometimes dangerous to be an African American. Government-sponsored segregation was commonplace. State leaders were not shy about proclaiming their support for racial discrimination. In the late 1920s Governor Clifford Walker was a special speaker at a Ku Klux Klan event, in which he espoused the importance of remembering Christ in their quest for supremacy (Meyer 2008, 258). Renowned leader Ellis Arnall opposed a Federal Anti-Lynching Law and blasted a minister because he had the audacity to, “...condone the teaching of racial equality and Yankee Republican carpetbag rule in Democratic Georgia” (Henson 1991, 14). Beck, Massey, and Tolnay (1989, 1) report that African Americans were exposed to, “higher levels of lethal social control in the South than any other region of the country.” Since Georgia’s

population had a large share of African American, racial discrimination served as an additional drag on the social welfare of a significant part of the population at a time when nearly everybody was suffering the effects of Depression.

In response to the problems, the legislature became divided over the issue of continuing its existing policies or trying new policies and working together with the federal government's new programs. In the midst of this confusion, Georgia still had to deal with the rise of federal government activity, and the racial tensions that ran high in the South.

### *Georgia under Richard Russell*

In 1931, Richard Russell, Jr. became the governor of Georgia. Russell ran on a campaign of re-organizing the state government so that it could further assist the state citizens. After running in a race with four other candidates, Russell and George Carswell participated in a runoff election after the two received the most votes but neither received a majority of the votes. In the final vote, Russell crushed Carswell, 99,905 to 47,157 votes for Carswell (Cook 1995, 223). In his first response to the financial and social problems the state faced, Russell passed the Reorganization Act of 1931 (Cook 1995, 223). Russell believed that the state of Georgia was unable to adequately address the problems because it was sunk in bureaucratic mess. The Reorganization Act of 1931 consolidated the number of bureaus by reducing the number from 102 to 17. The consolidation made spending more efficient by having fewer administrators and making sure that there was less overlap between the agencies (Cook 1995, 224).

Russell's actions were received with praise, and it was most likely that he would have been reelected for the governor after his first term but Russell stepped down in 1932 to run for

the U.S. Senate seat opened by the death of Senator William Harris (Cook 1995, 224). Russell appointed news editor John S. Cohen as governor to finish the year remaining in his term after winning the bid for the open Senate seat by a 57% margin. Russell became an avid supporter of Franklin Roosevelt's New Deal. Russell approved of such New Deal programs as the Agricultural Adjustment Act and the Farm Security Administration (Cook 1995, 224). Russell was an extremely popular senator, and would be one of the few men ever elected to seven consecutive terms in the Senate. Russell was extremely influential, serving as advisors to several different presidents and at one point even making an unsuccessful bid for President. Russell butted heads with his predecessor, Eugene Talmadge, in their opinions of the New Deal. Even with their disagreements, Russell was still able to help bring in federal aid to the state like the Federal Emergency Relief Administration (FERA) while respecting Talmadge's autonomy (Cook 1995, 224).

### *Georgia under Eugene Talmadge*

As was the case in most of the South, the state government in all branches during the 1930s was run by Democrats. The Georgia Democrats in this period were more supportive of a *laissez faire* government and many opposed the federal government becoming too involved in state's affairs. Although Georgia was a strong democratic state, Georgia Democrats held mixed views about the programs of Democratic President Franklin Roosevelt. Senator Russell supported the New Deal, while Eugene Talmadge, governor of Georgia during 1933-1937 was highly opposed to The New Deal.

Talmadge ran a campaign that portrayed him as a *dirt farmer* and the working man's champion. He was known for his wild antics in public, his eccentric dress, and his heated and emotional rhetoric (Cook 1995, 228). He campaigned on a platform that proposed that the solution to the economic woes of the Depression lay not in increasing taxes. Instead, he proposed cuts in taxes and programs, and economizing on state spending. Whether he followed through on these promises is actually a different story (Henson 1991, 7). Talmadge, even before his campaign had created headlines and sought to shock and awe his opponents. Before he was elected governor, Talmadge served as the Commissioner of Agriculture. In 1931, two years before he became governor, the state had found nearly \$40,000 missing from the agricultural funds (Cook 1995, 230). The shortfall was later connected to Talmadge, who had used the money to fund social trips to the Kentucky Derby, as well as other personal matters. While Talmadge was almost impeached from his position, he was asked at least to return \$14,000 to pay for damages. Talmadge, unwilling to pay, somehow came out of the matter without charges against him, since the attorney general refused to sue him (Cook 1995, 230).

Talmadge was not afraid of using his executive powers as governor. This made him extremely unpopular with the members of the General Assembly who felt he was abusing his powers. For example, in 1933 the General Assembly would not lower the price of license tags to the number Talmadge specifically requested. In response, he ignored the General Assembly and did this by executive decree (Cook 1995, 231). In 1934 he established a state of martial law to quell a textile rebellion. He again called for a state of martial law after the legislature adjourned without passing the appropriations bill in 1936. He then summoned the National Guardsmen to forcibly remove the state treasurer and comptroller general. Then at his request,

ordered a welder's torch to force open the treasury vault so that he could then remove money (Cobb 1997, 53).

During his term in office Talmadge became known for his intense dislike of Roosevelt's New Deal and of President Roosevelt himself (Meyers 2008, 255). In 1935, Roosevelt came to visit Atlanta. Talmadge, who had originally planned to meet with the president refused to greet him. He had told the press that he had more pressing business to deal with on his farm (Cook 1995, 232). Talmadge agreed that Georgia was in a dire economic situation though and he accepted some of the federal funding, but Talmadge believed that the state government should have complete control of how it was disbursed. Further, he argued that the state government could accept funding without adopting programs that it did not like (Meyers 2008, 271).

One program that was popular, however, was the Agricultural Adjustment Act, which paid farmers to take land out of production and may have helped raise cotton prices to 12 cents per pound. Meanwhile the Federal Emergency Relief Administration (FERA) over a period from 1933 to 1937 gave almost 45 million dollars to the state (Meyers 2008, 255).

During Talmadge's reelection for governor, he openly stated that:

The New Deal is a combination of wet nursing, frenzied finance, downright communism and plain damned foolishness. President Franklin D. Roosevelt is not a Democrat. The real fight in this country is Americanism versus communism, mixed up with some kind of crazy give-me (NbBooks 2011).

Talmadge's open criticism of The New Deal led to conflict with the Roosevelt administration over the distribution of funds from the Civil Works Administration and the Federal Emergency Relief Administration (FERA). The objective of the FERA and CWA was to create low skilled manual labor jobs, thus trying to stimulate the economy by fighting

unemployment. The FERA and CWA were programs that had helped many citizens of Georgia, but they were not popular with everyone in Georgia. Many farmers believed that they were taking labor away from their farms and giving them an extra burden they had to carry (NbBooks2011). Talmadge was a heavy critic of the CWA and the FERA and called anyone who accepted FERA and CWA jobs bums and loafers (NbBooks2011). He argued that FERA and CWA workers were receiving far too much money and were doing far less than those doing farm labor. The rate set by the CWA was approximately \$1.30, while the average farm labor was only earning 40 to 50 cents (NbBooks2011). When Talmadge forwarded a letter to Roosevelt from a citizen criticizing the relief programs, stating that, "I wouldn't plow nobody's mule from sunrise to sunset for 50 cents a day when I could get \$1.30 for pretending to work on a DITCH" (NbBooks2011), Roosevelt commented back to Talmadge that 50 cents was an unreasonable standard of living for Americans (NbBooks2011).

Harry Hopkins, one of the main architects of the New Deal, head of FERA and close advisor to President Roosevelt, once complained about Talmadge saying, "All that guy (Talmadge) is after is headlines. He never contributes a dime, yet he's always yapping," (NbBooks 2011). It escalated to the point that Hopkins threatened to take away Federal Relief Administration funds from the state of Georgia, shutting down the program and reallocating the money somewhere else, this in light of Talmadge blasting the FERA, and having an extremely heavy hand in the program. Talmadge requested to sign every check, as well as seeing the names and address of every participant of the FERA program in Georgia. Talmadge also hassled the administrators of the FERA, to the point where one employee stated to Hopkins that for the program to run successfully, Talmadge had to be taken out of the equation (NbBooks2011). Hopkin's threat caused panic in the state, as citizens and local officials begged Hopkins to keep

the Georgia program under state control Hopkins. He then went over Talmadge's head, kept the program intact but rather than having the program report to Talmadge, the program administrations reported directly to Hopkins, thus successfully federalizing the program (NbBooks 2011).

In 1936, after the end of Talmadge's second term, Talmadge was unable to run for governor for a third term since governors in Georgia were not allowed to serve three consecutive terms. At first, he believed that he would be a viable candidate to oppose Roosevelt for Presidency. Even though he gained some momentum in 1936 after speaking at the Democratic National Convention, the support that he believed would eventually come never came to fruition. Talmadge then turned his attention to the Senate race in Georgia, against incumbent and former governor Richard Russell. Talmadge ran on a campaign of giving back the state of Georgia more control over the distribution of The New Deal funding, something that Talmadge had fought for during his terms as governor. Russell ran a pro- New Deal campaign that called for federal control over funding, and easily reclaimed his senate seat with 65% of the votes while carrying 143 counties compared to only 16 for Talmadge (Cook 1995, 232).

### *Eurith Rivers and embracing The New Deal*

There was a major political shift in Georgia when Eurith Rivers was elected governor in 1936. An unbridled supporter of Roosevelt and The New Deal he ran on the campaign of bringing the New Deal to Georgia, as well as increasing social programs and fixing the state financially. Rivers had been a Talmadge supporter and his policies. When Talmadge proved unwilling to accept The New Deal programs, Rivers broke away from him. Rivers in the 1936

election defeated Charles Redwine, who had the support of Talmadge. Redwine ran on the same campaign promises Talmadge had offered earlier. He pledged to reduce taxes and at the same time reduce expenditures. But the interest of Georgia voters had shifted, and Rivers defeated Redwine by a large majority, carrying 142 of the 159 counties in Georgia (Cook 1995, 235).

Rivers' first actions after being elected to office were to purge Talmadge supporters from Georgia's government (Cook 1995, 236). Rivers established a mini "New Deal" with the aid of the federal government, and pushed for more financial and social reforms. One of his victories was to increase the state's budget of public health services, from \$100,000 in 1936 to over \$100,000,000 in 1938 (Herndon 1986, par. 7). Other victories to come out his "Mini New Deal" included the adoption of the state legislation needed to accept grants from the federal government for unemployment compensation, old-age pensions, aid to blind, and aid to dependent children (Cook 1995, 236). Rivers was also instrumental in leading the nation in obtaining the highest number of rural federal housing projects. Other social programs that Rivers pushed included an increase in the acres of state parks, and the construction of five buildings at the mental institution at Milledgeville, as well as the creation of the tuberculosis sanatorium (Cook 195, 236).

Rivers was so successful during his first term that he was reelected for his second term in 1939. Rivers defeated three other candidates, Hugh Howell, John Mangham and Robert Wood, carrying with him over half of the popular vote (Cook 195, 237). Rivers' second term was not as successful as his first. Facing increasing costs due to the plethora of social programs that Rivers had passed his first term, the General Assembly was unwilling to increase taxes to support these programs. With not enough revenue, several of his programs were forced to shut down. Examples include the closing of the school for the deaf, and the release of nearly 1800 patients

from the mental hospitals (Cook 1995, 238). His second term was also marred with accusations of corruption. In one instance, four members of his administration were indicted by a Federal Grand Jury for conspiracy to defraud the state. A Fulton County Grand Jury indicted Rivers, the four members indicted by the Federal Grand Jury, and several other high ranking members of the Rivers' administration. Even though only two were convicted in Fulton County, the administration was perceived as corrupt (Cook 1995, 238). Rivers would then be succeeded by Ellis Arnall in 1941.

### *Structure of the Georgia House of Representatives and Senate*

The majority of the state leaders were Democrats. Many supported Franklin Roosevelt's initial campaign for presidency, but like Governor Talmadge, many had expressed anger and believed that they had been betrayed after Roosevelt's New Deal was enacted. They believed that the federal government was overstepping its boundaries and going against the ideals that Roosevelt stated during the 1932 election campaign. Outside of the South the ideals of the Democratic Party had shifted greatly after the election of President Franklin Roosevelt. He and the Democratic majority Congress had shifted the roles of the federal government from a laissez-faire government policy to expanding regulation of the economy and the federal provision of social programs. This had created a rift in the Democratic Party and it definitely affected members of the party in Georgia, who like Governor Talmadge, were boldly opposed to the ushering of the New Deal.

During the first New Deal the state House of Representatives and the State Senate stood behind Governor Talmadge. However, many had begun to resent his rejection of the New Deal

and for his abuse of power. Although Talmadge could not run again after his term finished in 1937 the candidate he anointed as his successor, Charles Redwine lost the election. Many Georgians still did not like the New Deal and what it potentially meant for the future of their government. Yet, during such dire economic times, they were willing to accept whatever relief they could receive in hopes of increasing the welfare of people during the Great Depression.

The shift became obvious when Georgia voters elected Eurith Rivers in 1936. The General Assembly was willing to support Rivers during his first term, in which he established several social programs by increasing state taxes. During Rivers second term, Rivers hoping to expand more of his social programs, asked that the General Assembly continue to increase state taxes. The General Assembly was not as convinced and they believed that the social programs, while increasing the welfare of their people, was actually financially detrimental to their state. They did not support the tax increases, and with less revenue, Rivers was unable to run many of the social programs that he had started in his previous term. Rivers' "Mini New Deal" was unable to support itself and by the end of his term, his mini New Deal was over.

### *Financial Status of Georgia's People and Taxes*

Using data from Wallis (1989) in Figure 1, employment dipped from 1929 to 1933 but then it steadily increased afterwards. Employment did not return to the 1930 level again until 1937. Figure 3 shows that the employment drop was mimicked by a large dip in per capita income of Georgia citizens as well. The large downward spikes in employment and in per capita income also occurred in the nearby states of Alabama and Louisiana.

The drops in income were matched by declines in federal collection of individual and corporate tax revenues in the early 1930s. Federal tax collections rose sharply in 1935, then fell in 1936, and then increased again in 1937. In per capita terms, Figure 4 shows that the tax revenue adjusted for population size and also followed the same path.

Georgia sought out various ways of increasing state revenue by increasing taxes (Escarraz 1968, 4). The state began to realize that property taxes were not going to raise their revenues high enough, since a large portion of the population paying property taxes was farmers. The average farmer's regular income was roughly \$500 dollars, and he was having trouble paying the taxes. The state turned to income taxes while providing an exemption to farmers who did not have to pay the tax (Escarraz 1968, 5). The first income tax law passed in 1929 and was later reformatted in 1931 under the Income Tax Act, turning the tax into a generally more regressive structure. While there were constitutional questions about whether the General Assembly could levy an income tax, the Georgia Supreme Court affirmed the law (Escarraz 1968, 5).

During the 1930s the state began to adopt more sales and usage taxes to create more revenue. They adopted a beer tax on the producers in 1935. This can be seen in the state financial data of Table 1, which shows the receipts from the years 1932 through 1937. There is a large gain of revenue in 1935 associated with the introduction of the beer tax. The state adopted a wine tax based on the alcohol content of the beverage in 1937. Also in 1937, there was an increase in taxes on motor fuel and kerosene. While the state financial data on revenue from motor fuel taxes in Table 1 do not show an increase 1937 relative to 1932. On the other hand the revenue data from the U.S. Census Bureau's *Financial Statistics of the States, 1937* shows a nominal increase from previous years in Table 4. A six cent ad valorem tax was imposed on motor fuels

along with a one cent ad valorem tax on kerosene. These sales and use taxes became the chief source of revenue for Georgia (Escarraz 1968, 6). This is supported by the information in Table 1 and Table 4 which show that within each year, sales and use taxes comprised over 60% of the receipts for each year.

### *Georgia State Financial Data- Receipts*

Note that the state financial data for the year 1937 also includes half of the financial data from 1938. To separate the years, I used two-thirds of the total to represent 1937. The two-thirds adjustment helps state financial data match up better to U.S. Census Bureau's *Financial Statistics of the States 1937* for Georgia. The 1937 receipts are higher than in earlier years because General Assembly raised taxes to help fund River's "Mini New Deal."

To examine the data state financial receipts from 1932 through 1937, I transferred the data from the *Report of the Comptroller General's Office of the State of Georgia 1932-1937* to electronic form and then categorized them into major groups: income tax, property tax, interest and a variety of other taxes. Within these categories I broke them into sub-categories. For 1937, I tried to match the data from the Georgia state reports to data compiled by the federal government for Georgia in the *Financial Statics of the States 1937*. While they didn't match perfectly, I was able to align them closely enough to make sure that things were properly categorized. Using the data from the U.S. Census Bureau's *Financial Statistics of the States 1938* and *1939*, , I compiled the same information and broke them into the same categories. With this

data we can analyze the percentages of receipts in each category and understand how Georgia had expected to raise revenue during this time period.

The state of Georgia used many creative means to collect revenue. A large portion of receipts came from non-business license fees, for barbers and other occupations in Table 1. Other taxes were collected from hotels, lumberjack dealers, and pawnbrokers. There were also professional taxes collected from lawyers and doctors (Comptroller-General). While there were many different taxes and fees for these positions, they comprise only a small portion of the receipts for the years.

The largest amount of tax revenue came from the sales tax, or the ad-valorem taxes on certain goods, specifically from alcohol, cigarette and fuel oil taxes (See Table 1). Taxing these items led to larger revenue because the demand for them is price-inelastic. From approximately 1932 to 1937 the revenues stayed within a range from about \$20,000,000 to \$30,000,000. The largest portion of the sales tax came from the fuel oil tax, which comprised nearly 60% of the receipts in each year (Comptroller-General). Portions of the fuel oil tax in 1937 to help fund River's new social programs. In 1938 and 1939 the fuel oil tax stayed approximately at \$20,000,000 and approximated the same percentage of the receipts in earlier years (See Table 4). Property tax revenue, shown in Table 1 remained nearly constant during the decade, taking a small dip in 1933. As Escaraz had claimed, the state was trying to depend less on property tax. As a result, property tax revenue did not rise much, and the state tried to create revenue in other places. The property tax stabilized in 1938 around \$5,000,000 (See Table 4). Another major tax was the Motor Vehicle Non-Business tax. Revenues from the tax drop sharply from the years 1932 to 1933 and remained constant afterwards (Comptroller-General). Like the property tax, the motor vehicle non-business license taxes stabilizes in 1938 around \$2,000,000 and remains at

this level in 1939 (See Table 4). The state also used rental on buildings that it owned as a form of revenue, such as buildings and revenues remained constant throughout 1932 to 1937 in Georgia (See Table 1).

The state also brought receipts in through current services that they were offering. These services included basic government operations, education, health as well as highways (See Table 1). While there were numerous services that were offered, they account for less than 7% of Georgia's entire receipts between 1932 and 1937. The services continued to make up a small percentage of the receipts in 1938 and 1939, with receipts from education account for being the largest portion at about 6% of the receipts for their respective years (See Table 4).

One thing that was frustrating about the data was that while we knew how much each state received from the New Deal program; Georgia's financial data does not state or give some kind of listing where the revenue source came from. So there is no possible way to differentiate between local/state/federal money. The grant information in the financial data of the state is not given.

A large portion of receipts were moved to different accounts- or funds, which dealt with different aspects of the welfare of its citizens, such as hospitals, highways and schools. The funds are denoted by their revenue source such as the fuel oil tax and alcohol/malt tax (See Table 1). The largest funds usually went into two major areas, education, in which they were distributed through equalization funds, and highways and roads (Comptroller-General). The majority of the funds came from the fuel/oil tax.

There is a very large difference between some years in the same categories in the Georgia tax data. However, should be noted that in creating and cataloging the receipts, I categorized some revenues as miscellaneous section for the year, because they belonged in other

years (such as the generically named *back taxes* and the *sale of government property* which we did not consider as receipts). As a result, the total aggregate numbers are different from the categorized tables.

### *Georgia State Financial Data- Disbursements*

Table 2 shows the Georgia state government's disbursements. The highest disbursements during the years of 1932-1937 were the sale of gasoline/oil and education (See Table 2). Note that for 1938 and 1939, which are compiled from the U.S Census Bureau *State Financial Statistics* in 1938 and 1939, they cite higher disbursements as education (See Table 5). One of the social programs that Rivers pushed for during his first term was education, so this makes sense the disbursement for education had increased. The cost of selling gasoline/oil was the lowest during 1937, remaining relatively consistent before then. The same goes for education, the spending for education stayed at a relatively consistent level until 1939 (See Table 5).

In 1937 with the election of Rivers, the General Assembly moved to accept more federal assistance. While 1937 does include some of the data from 1938, it is important to note that the state financial data shows a large increase in the spending of societal/structural aspects that are notable from The New Deal. The increases in the disbursement data show up in the total spent on highways, which ranges from about 1 million dollars from 1934 to 1936 but then skyrockets to over 11 million dollars in 1937 (See Table 2). The same type of increase can be seen in education and health and sanitation (Comptroller-General) Health and sanitation disbursements

ranged from the low of \$200,000 to \$300,000 but then increased rapidly in 1937 to nearly \$200,000,000 (See Table 2). Health and sanitation in 1938 and 1939 were approximately, to \$1,000,000, but still higher than in the years prior to 1937 (See Table 5). Educational expenditures fell in 1938 to \$9,000,000 but then returned closer to the 1937 level in 1939 with \$17,000,000 (See Table 10). This could be explained by the increase of spending on social programs at the end of Rivers first term.

The total disbursements by the state did not fluctuate as much as revenue during the period in comparison of Table 1 through 6. The revenues were highly sensitive to changes in economic conditions, while the disbursements were more consistent over time.

### *Conclusion*

The state of Georgia faced many challenges during the 1930s. Georgia was behind several states in accepting the federal money offered by The New Deal and the state controversy and political turmoil under Governor Talmadge. Georgia ran deficits during the years 1933, 1935 and 1936. The largest deficit was in 1935 at nearly \$5 million. Other years Georgia ran surpluses. The largest was in 1932 with over \$13 million dollars (See Table 3). In the years of 1938 and 1939, Georgia was able to create a surplus, and this probably be attributed in Rivers passing legislation to receive New Deal funding, as well as his own initiative to create a “Mini New Deal” of his own (See Table 6).

The state of Georgia used different methods to combat their economic troubles; they turned towards a model of using more sales and ad-valorem tax to bring in more tax revenue from the state and had been able to stabilize their disbursements. Even though in a few years they

had carried over deficits, they were small. They were able to not only maintain their daily operations, but also increased aid to various social programs

The connection between the problems that the state currently faces and what Georgia faced during the 1930s is not as tight. The economic problems of the Great Depression were far worse than the current problems from 2007 through 2010. On the other hand, the state has far more responsibility for funding medical care, pensions for teachers and state workers, and social programs than it had in the 1930s. These features of state government were just beginning to appear in the 1930s. During the 1930s Georgia state government was able to stay financially stable with a mixture of new taxes and new support from the federal government.

Table 1: Georgia State Receipts: 1932-1937

Type	1932	1933	1934	1935	1936	1937
Total Property Tax	\$3,087,205.66	\$2,464,848.36	\$2,604,172.26	\$2,820,116.00	\$2,569,744.04	\$3,006,969.49
Total Income Tax	\$1,456,784.62	\$1,039,580.90	\$1,765,999.61	\$2,091,170.53	\$257,154.12	\$5,757,434.40
Total Inheritance Tax	\$158,925.57	\$145,330.02	\$119,377.14	\$96,150.27	\$86,473.00	\$280,369.31
Total Poll Tax	\$101,890.73	\$112,315.19	\$106,939.52	\$254,724.50	\$106,828.89	\$155,019.31
Total Fuel Tax	\$18,229,154.87	\$12,650,628.04	\$14,546,343.16	\$16,025,271.89	\$17,755,477.57	\$19,634,346.00
Total Alcohol Tax	\$381.84	\$102.55	\$27.28	\$237,653.18	\$468,562.60	\$1,820,205.67
Total Tobacco Tax						\$2,323,812.29
General Business Tax	\$13,663,106.49	\$937,308.11	\$113,471.93	\$1,164,904.02	\$11,963.75	\$42,870.42
Other Sales					\$2,495,178.90	\$0.00
Chain Store Tax						\$177,086.49
Total All Other Business License	\$3,000,223.17	\$830,660.00	\$2,049,180.66	\$1,810,983.13		\$2,366,747.93
Motor Vehicle Non-business	\$4,000,741.87	\$1,175,172.97	\$1,315,161.83	\$1,357,830.10	\$1,411,064.17	\$3,046,890.30
Total All Other Nonbus.Lic. and Permits	\$55,013.00	\$70,666.02	\$111,158.70	\$118,158.29	\$151,553.21	\$130,345.14
Incorporation Tax						\$1,340.15
All Other Taxes	\$6,345.46	\$7,556.45	\$3,980.05	\$74,769.80		\$107,795.76
Commerical Forfeits					\$19,093.15	\$0.00
Court Fines and Fees		\$28,210.83	\$20,098.87	\$23,118.77		\$3,748.31
Total Rent on Investment	\$570,706.94	\$570,706.94	\$568,407.42	\$588,509.41	\$565,043.62	\$568,633.53
Total Interest	\$91,526.92	\$94,132.82	\$130,299.54	\$151,987.97	\$67,864.85	\$87,662.56
Current Services: Admission	\$80,016.25	\$70,853.34	\$2,890.35	\$8,643.15	\$3,593.93	\$102,535.66
Current Services: Protection	\$352,764.25	\$1,165,068.20	\$329,752.98	\$368,249.15	\$1,260,052.38	\$676,094.72
Current Services: Highways			\$2,809.49	\$2,000,000.00		\$1,901,985.13
Current Services: Natural Resource	\$1,398.40		\$2,809.49		\$3,524.67	\$83,568.32
Current Services: Health	\$3,271.64	\$3,497.96	\$2,577.00	\$3,296.77	\$2,061.93	\$40,048.27
Current Services: Hospital	\$1,602.50	\$1,602.50		\$1,470.00	\$1,650.00	\$1,172.23
Current Services: Libraries	\$2,767.00	\$2,767.00	\$3,421.00	\$3,643.00	\$3,627.00	\$1,779.93
Current Services: Recreation			\$13,924.00	\$14,854.60		\$5,369.08
Current Services: Misc	\$25,927.32	\$21,442.70	\$1,140.30	\$50,939.72	\$20,611.26	\$13,747.71
Total	\$44,889,754.50	\$21,392,450.90	\$23,813,942.58	\$29,266,444.25	\$27,261,123.04	\$42,337,578.11

Source: Report of the Comptroller General's Office of the State of Georgia 1932-1937

Table 2: State of Georgia Disbursements: 1932-1937

Type	1932	1933	1934	1935	1936	1937
Total Legislative	\$340.25	\$177,528.69	\$2,975.00	\$195,232.89	\$4,079.78	\$319,442.28
Total Executive/Judicial	\$654,712.20	\$599,217.72	\$244,214.88	\$648,997.59	\$679,512.93	\$831,766.88
Total Control			\$22,336.25			\$0.00
Total Financial Institution	\$555,375.14	\$472,254.18	\$435,903.48	\$481,938.25	\$480,502.55	\$991,165.58
Total Professional Occupation	\$93,977.18	\$86,586.35	\$73,228.86	\$79,169.16	\$89,363.71	\$35,215.40
Total Sales Gas/Oil	\$13,805,128.35	\$10,039,648.68	\$8,035,501.86	\$16,265,484.99	\$11,263,570.70	\$4,440,688.31
Total Labor						\$314,119.29
Total Sale of Alcohol						\$5,878.15
Total Other (Protection)	\$942.25					\$320,232.32
Total Highway			\$1,193,887.34	\$1,315,462.82	\$1,109,567.88	\$7,829,580.86
Total Natural Resource	\$556,506.71	\$417,107.57	\$279,165.23	\$362,799.32	\$511,621.18	\$787,761.06
Total Health and Santitation	\$315,017.59	\$263,734.17	\$239,627.25	\$251,572.25	\$228,494.49	\$3,455,670.16
Total Hospital/Sant	\$1,448,518.13	\$114,723.04	\$465,320.63	\$373,513.85	\$1,384,500.00	\$1,250,973.17
Total Correction	\$131,810.36	\$118,231.39	\$70,422.00	\$116,937.25	\$140,860.76	\$387,368.93
Total Education	\$11,484,445.53	\$10,027,783.75	\$10,082,000.80	\$11,454,927.88	\$10,067,097.34	\$14,380,834.78
Total Library	\$44,285.30		\$24,553.34	\$25,643.43	\$30,119.75	\$31,417.99
Total Recreational						\$6,495.25
Total Misc	\$2,637,789.10	\$2,656,805.89	\$1,943,665.19	\$2,393,468.51	\$2,084,594.55	\$566,268.10
Total	\$31,728,848.09	\$24,973,621.43	\$23,112,802.11	\$33,965,148.19	\$28,073,885.62	\$35,954,878.51

Source: Report of the Comptroller-General's Office of the State of Georgia 1932-1937

Table 3: State of Georgia Receipts and Disbursements Totals

	1932	1933	1934	1935	1936	1937
Total Revenue	\$44,889,754.50	\$ 21,392,450.90	\$ 23,813,942.58	\$ 29,266,444.25	\$ 27,261,123.04	\$ 43,590,565.00
Total Disbursements	\$31,728,848.09	\$ 24,973,621.43	\$ 23,112,802.11	\$ 33,965,148.19	\$ 28,073,885.62	\$ 26,772,682.00
Surplus/Deficit	\$13,160,906.41	\$ (3,581,170.53)	\$ 701,140.47	\$ (4,698,703.94)	\$ (812,762.58)	\$ 16,817,883.00

Source: *Report of the Comptroller-General's Office of the State of Georgia 1932-1937*

Table 4: 1937, 1938 and 1939 State of Georgia Receipts

Type	1937	1938	1939
Total Property Tax	\$3,817,459.00	\$5,003,000.00	\$5,174,000.00
Total Income Tax	\$3,665,268.00	\$4,980,000.00	\$5,765,000.00
Total Inheritance Tax	\$335,197.00	\$236,000.00	\$133,000.00
Total Poll Tax	\$279,220.00	\$261,000.00	\$283,000.00
Total Fuel Tax	\$19,032,131.00	\$20,530,000.00	\$19,782,000.00
Total Alcohol Tax	\$3,192,365.00		\$1,964,000.00
Total Tobacco Tax	\$2,035,765.00		\$2,667,000.00
Other Sales Tax	\$860,847.00		
Total Chain Store Tax	\$30,767.00		\$235,000.00
Total All Other Business License Tax	\$2,286,232.00	\$2,497,000.00	\$2,822,000.00
Total Motor Vehicle Non-business License Tax	\$1,401,489.00	\$2,172,000.00	\$2,240,000.00
Total All Other Nonbusiness Licences and Permits	\$137,963.00	\$149,000.00	\$147,000.00
Incorporation Tax			
All Other Taxes	\$392,272.00	\$420,000.00	\$422,000.00
Court Fines and Fees	\$945.00	\$7,000.00	\$4,000.00
Total Rent and Investment	\$56,632.00		\$60,000.00
Total Interest	\$97,562.00	\$493,000.00	\$153,000.00
Total Charges for Administration	\$13,067.00	\$12,000.00	\$14,000.00
Total Charges for Protection	\$679,342.00	\$818,000.00	\$733,000.00
Total Charges for Highway	\$567.00	\$47,000.00	\$39,000.00
Total Charges for Natural Resources	\$139,188.00	\$525,000.00	\$251,000.00
Total Charges for Health	\$56,198.00	\$73,000.00	\$69,000.00
Total Charges for Hospitals	\$44,940.00	\$66,000.00	\$21,000.00
Total Charges for Correction	\$5,262.00	\$82,000.00	\$32,000.00
Total Charges for Education	\$975.00	\$1,897,000.00	\$1,814,000.00
Total Charges for Libraries		\$6,000.00	\$8,000.00
Total Charges for Recreation		\$9,000.00	\$13,000.00
Total Charges for Misc	\$555.00		\$1,000.00
Total	\$38,562,208.00	\$31,010,000.00	\$44,846,000.00

Source: U.S. Census Bureau *Financial Statistics of the States 1937-1939*

Table 5: 1937, 1938 and 1939 Georgia State Disbursements

<b>Type</b>	<b>1937</b>	<b>1938</b>	<b>1939</b>
Total Legislative	\$259,051.00	\$281,500.00	\$2,694,000.00
Total Executive/Judicial	\$251,893.00	\$713,000.00	\$1,764,000.00
Total Financial Institution	\$50,041.00	\$46,000.00	\$46,000.00
Total Professional Occupation		\$26,000.00	\$20,000.00
Total Sales Gas/Oil	\$47,477.00	\$39,000.00	\$68,000.00
Total Labor	\$116,139.00	\$117,000.00	\$102,000.00
Total sales of Alcohol	\$29,458.00	\$192,000.00	\$45,000.00
Total Other	\$52,804.00	\$3,000.00	\$7,000.00
Total Highway	\$5,649,443.00	\$5,672,000.00	\$6,379.00
Total Natural Resource	\$50,788.00	\$1,805,000.00	\$1,741,000.00
Total Health and Sanitation		\$1,217,000.00	\$936,000.00
Total Hospital	\$315,131.00	\$1,819,000.00	\$1,795,000.00
Total Correction	\$243,057.00	\$399,000.00	\$341,000.00
Total Education	\$11,929,717.00	\$9,205,000.00	\$17,895.00
Total Library	\$38,809.00	\$34,000.00	\$41,000.00
Total Recreational	\$8,821.00	\$66,000.00	\$52,000.00
Total Misc	\$1,367,702.00		\$294,000.00
<b>Total</b>	<b>\$20,410,331.00</b>	<b>\$21,634,500.00</b>	<b>\$9,970,274.00</b>

Source: U.S. Census Bureau *Financial Statistics of the States 1937-1939*

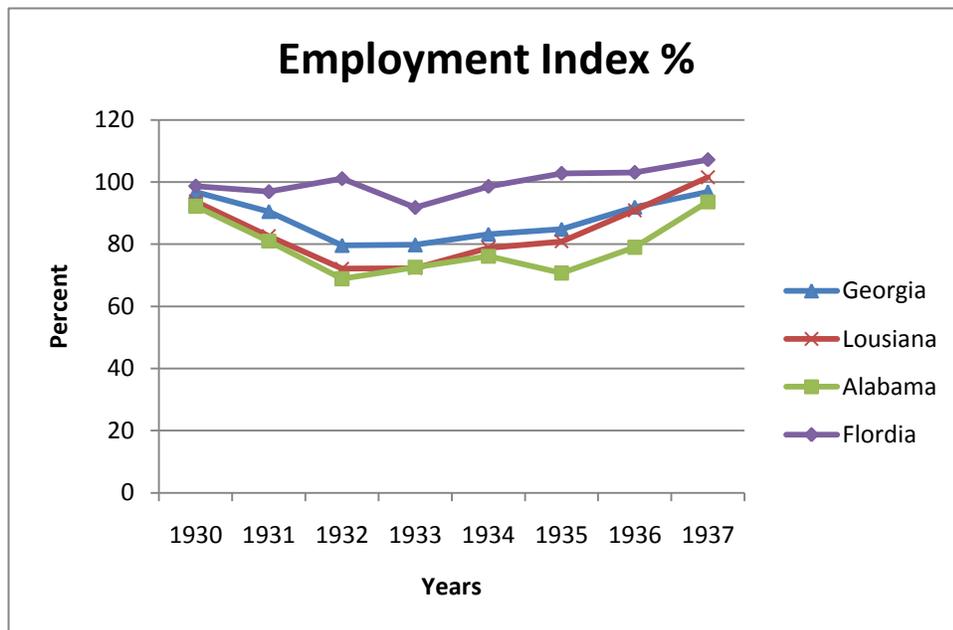
*Notes: 1937 is from the Compiled State Financial Statistics and is different from the 1937 data published by the state of Georgia shown in Table 2.*

Table 6: 1937-1939 State of Georgia Surplus/Deficits

	1937	1938	1939
Total Revenue	\$38,562,208.00	\$31,010,000.00	\$44,860,000.00
Total Disbursements	\$20,410,331.00	\$21,634,500.00	\$27,847,379.00
Surplus/Deficit	\$18,151,877.00	\$9,375,500.00	\$17,012,621.00

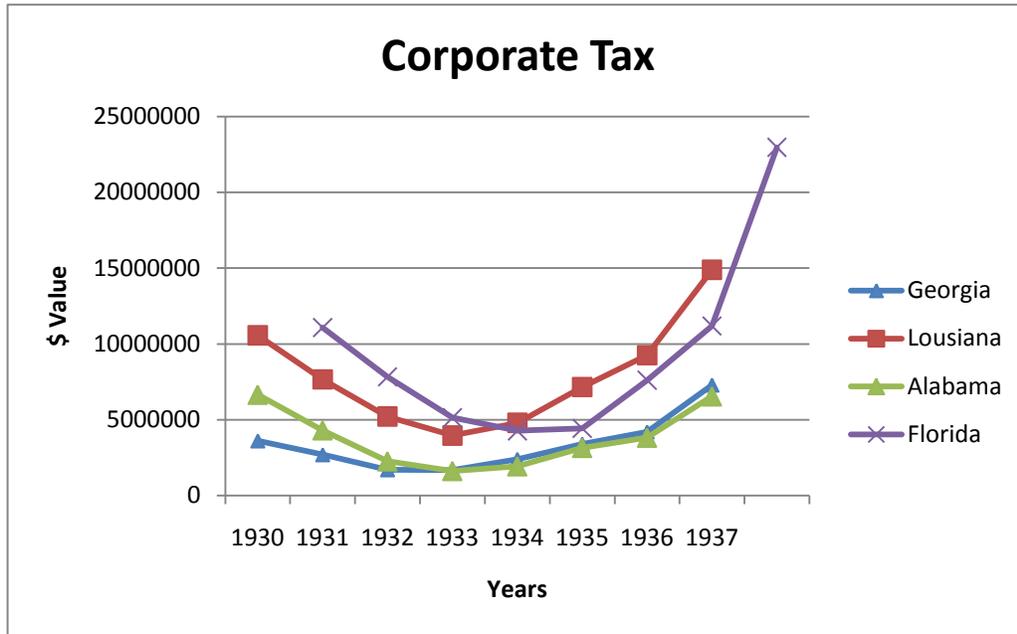
Source: U.S. Census Bureau *Financial Statistics of the States 1937-1939*

Figure 1: Employment Index (1929=100) for Alabama, Florida, Georgia, and Louisiana for the Years 1930-1937



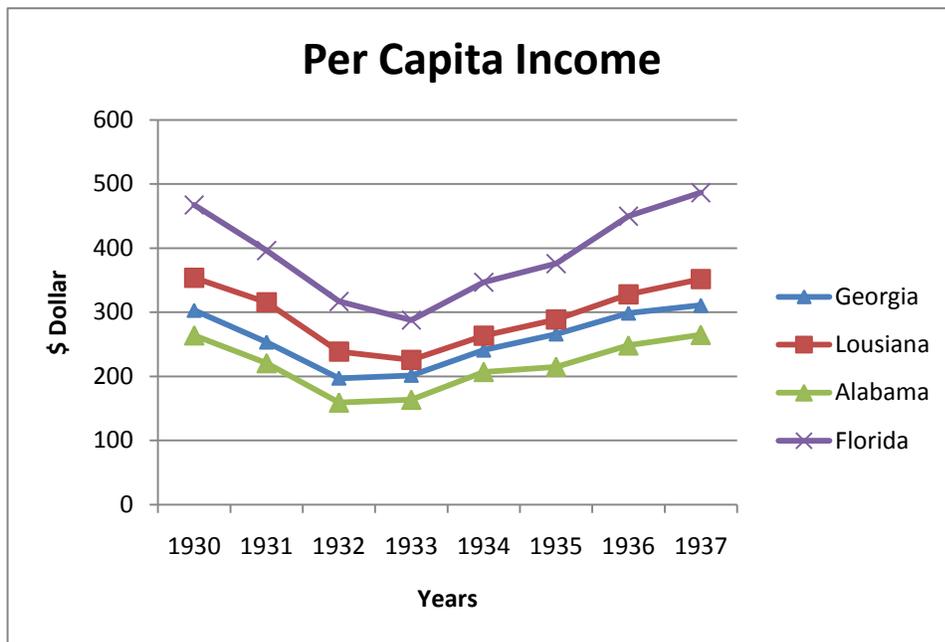
*Fishback, Price, Shawn Kanter, Valentina Kachanoskaya, John Willis. State Economic Variables 1930*

Figure 2: Federal Corporate Tax Revenue Collected in Georgia: 1930-1937



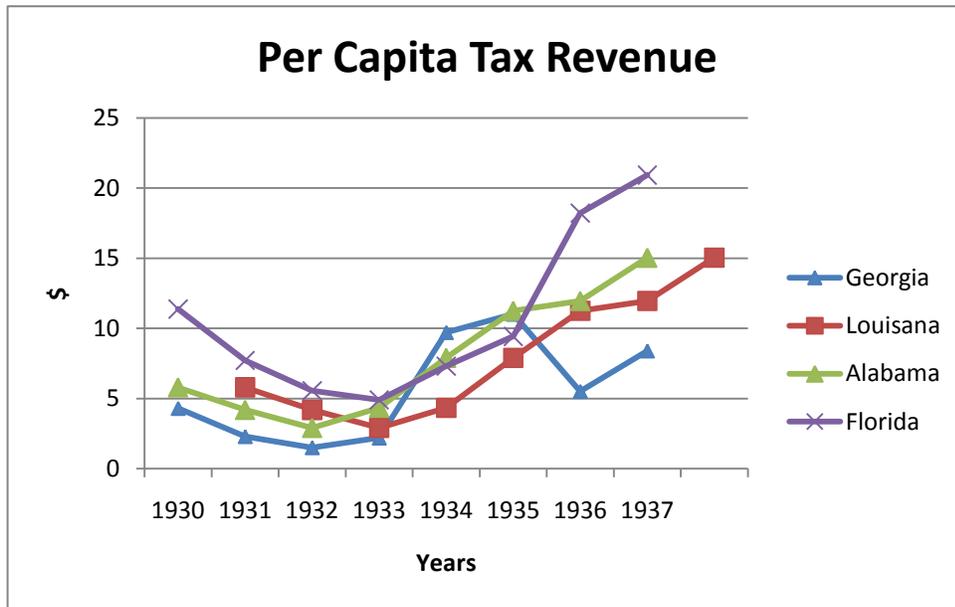
Source: Fishback, Price, Shawn Kanter, Valentina Kachanoskaya and John Wallis. *State Economic Variables 1930*

Figure 3: Per Capita Income 1930-1937



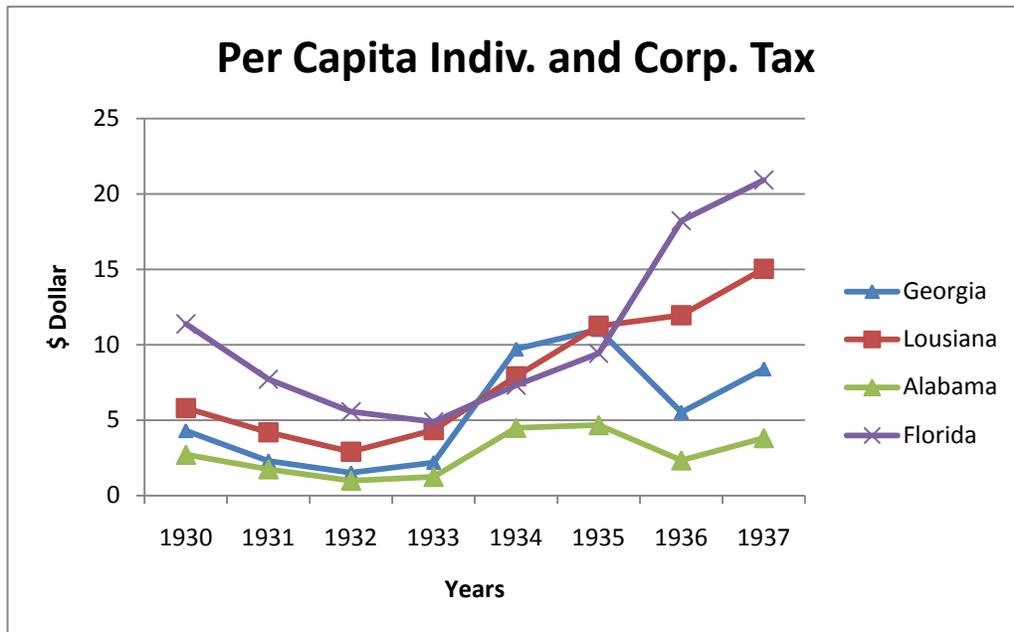
Source: Fishback, Price, Shawn Kanter, Valentina Kachanoskaya and John Wallis. *State Economic Variables 193*

Figure 4: Per Tax Revenue 1930-1937



Source: *Fishback, Price, Shawn Kanter, Valentina Kachanoskaya, John Willis. State Economic Variables 1930*

Figure 5: Per Capita Individual and Corporate Tax



Source: Fishback, Price, Shawn Kanter, Valentina Kachanoskaya and John Wallis. *State Economic Variables 1930*

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