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## SOME A. B. C'S. OF WAR FINANCE

### WAR REVENUES NEXT YEAR

Secretary McAdoo's position relative to taxation for the coming year was frankly and positively stated in his letter to Majority Leader Kitchin of the House of Representatives. He wrote in part:

We can not afford to rely upon \$4,000,000,000 only for taxation, because we shall then have to rely on raising \$20,000,000,000 by loans. This would be a surrender to the policy of high-interest rates and inflation, with all their evil consequences.

If we are to preserve the financial strength of the Nation we must do sound and safe things, no matter whether they hurt our pockets or involve sacrifices—sacrifices of a relatively insignificant sort compared with those our soldiers and sailors are making to save the life of the Nation.

The sound thing to do unquestionably is to increase taxation, and the increases should be determined upon promptly and made effective at the earliest possible moment.

The Secretary's recommendations briefly are that one-third (estimated at \$8,000,000,000) of the cash expenditures to be made during the fiscal year ending June 30, 1919, be provided for by taxation, a real war-profits tax at a high rate upon all war profits, a substantial increase in the amount of normal income tax upon all so-called unearned incomes, and heavy taxation upon all luxuries.—Federal News Service.

### WAR TAX ON LUXURIES

If America is ever to learn the lesson of plain living and high thinking the opportune time is now. If under war conditions we cannot or will not cut out needless indulgences, we are doomed to drop into the bottomless pit of debt. In the last analysis, this war must be paid for out of the savings of self-denial.

The best way to enforce this lesson of national necessity is by heavy taxes on the luxuries of the rich and on the luxurious habits of the poor. Such taxes last year produced less than a third of a billion dollars. This year they must be made to produce at least two billion dollars.

"As a people we must abandon the extravagances of vain display, of personal adornment, of eating and drinking, of pleasure seeking, of unnecessary travel on our sorely pressed war transportation systems, gambling and dissipation. Only by such taxes can the vast resources of labor, capital, and raw materials be diverted from unworthy uses to the noblest services, to the defense of America and of humanity, to the production of necessities for our people and our armies and those of the war-weary allied nations who have borne the burden of the struggle these four years," says Financial America.

So far the taxes on articles of vanity and folly have been trifling—only 2 per cent, for instance, on face powder, perfumes, pomades and the like; only 3 per cent on jewelry, pool and billiard tables, sporting goods, dice and so on; only 3 per cent on imported diamonds, pearls, and other precious stones; only 6 cents a gallon on champagne, only 10 cents a gallon on soda fountain syrups!

A glance at our import list the last year gives us a very good idea of our extravagance as a people. Some of these articles are duty free; on others the war tax is merely nominal; while on others no war tax at all has been levied as yet.

### Imported Luxuries

Laces, lace curtains, etc.	\$53,000,000
Diamonds, pearls, etc.	41,000,000
Silks	40,000,000
Furs	31,000,000
Fine woolen goods	25,000,000
Tobacco, cigars and cigarettes	33,000,000
Cigarette paper	6,000,000
Millinery, feathers, etc.	16,000,000
Paintings, statuary, etc.	17,000,000
Glass ware, china, porcelain, etc.	8,500,000
Ivory, mother-of-pearl	4,400,000
Carpets and rugs	3,740,000
Mahogany	3,553,000
Chewing gum, chiclé	3,000,000
Dolls and toys	1,700,000

Import duties averaging a hundred per cent on a score or so of such luxuries would easily raise a half billion dollars for war purposes. If the rich and the luxurious poor must have such things, let them pay heavy war taxes for the privilege. Such taxes fall on the people who are best able to bear them. A heavy tax on luxuries will enable our law-makers to avoid a tax on sugar, coffee, tea, and cocoa. A wise statesman will hesitate to tax the breakfast table.

War tax revenues must be doubled this year. Wasteful consumption and

unnecessary production must be discouraged.

### A National Disgrace

Frugality is not yet a national virtue. Criminal extravagance and waste are still a national disgrace. And we need to feel sensibly the rough hand of law, whether it prove to be a revenue producer or not.

A heavy tax on luxuries will be most valuable perhaps when it yields the least revenue to the tax collector. This is particularly true of alcoholic patent medicines—which, strange to say have not yet come into consideration as a source of war revenues.

Quack nostrums with a large content of alcohol ought to be taxed out of existence. At present ours is a patent-medicine civilization, say the Scotch with scorn.

You like the stuff all right enough, a Lowlander once said to us in Carlisle, but you piously take it under the label of Peruna, Tanlac and the like instead of Long John straight.

### TAX WAR PROFITS FIRST

The statement from Washington that the House Ways and Means Committee will adopt the proposed taxes on luxuries only as a last resort is reassuring. It evidently implies that the committee will first review the whole situation respecting the present income and excess-profits taxes and see what can be done to improve the revenue yield from those sources.

Tax revenues under existing law amount to about \$4,000,000,000, and \$8,000,000,000 is wanted. It is admitted by all that the first subjects to be considered by war taxes are war profits. It is accordingly for the Ways and Means Committee first to consider whether the so-called excess-profits taxes are fully and justly reaching war profits.

That they are not seems to be generally understood in Washington. The President has stated that war-profiteering still flourishes. Large bodies of statistics are being submitted to Congress which prove that war-profiteering still flourishes. Senators and Representatives are daily delivering speeches denouncing the profiteers. The Government is charging that the revenue has been defrauded in hundreds of millions of dollars by the profiteers, who have been helped at the job by the confusions and uncertain exemptions growing out of the attempt of the present law to tax excess profits rather than profits arising from war conditions, which can easily and definitely be determined.

The inference from all this is that the profits of the war-profiteers are not flowing into the Federal Treasury as it was intended that they should flow.

Just how large is this current which is being diverted from the Treasury to private pockets? The facts have been made knowable to Congress by the recent tax returns. How to turn the whole private profiteering problem to the profit of the public Treasury in the prosecution of the war these facts must reveal.

If an extended system of consumption levies upon luxuries, to include also the finer qualities of living necessities, such as clothing, is required to raise the needed increase in tax revenue, the country will accept it willingly. But it wants to know first whether the war-profiteers are being taxed as they should be.—N. Y. World.

### THE TURN OF THE TIDE

For four long years the Hun has terrorized the earth. For forty years the German has been perfecting a war machine and organizing a nation to reduce a peace-loving world to slavery. He has wreaked his fiendish will upon Christendom, with the drift in his favor until Foch turned the other day in the Marne valley and inflicted upon him the greatest defeat in German military history.

America has at last gotten into the battle front, and the turn of the tide has come. July 15 may perhaps be reckoned as the turning point of the war, says Norregaard the Swedish military critic of well-known German bias.

Germany's troubles have begun and they will swarm about her ears like hornets. When she begins to cave in, her collapse will be sudden and certain. Her allies will desert her, as rats flee a sinking ship. The first to go will be Turkey, and the next will be Austria-Hungary. The little neutral nations will pluck up courage to defy her will. The Balkan states are a seething volcanic area timed for eruption in the heart of middle Europe when German hopes are clearly at an end. It is not wholly impossible for Russia, a hulking drowsy giant, to

wake and strike back with savage ferocity.

Germany has gone over the crest of the hill. Her way to the end must now be downward, and the descent to Aver-nus is always easy.

In the last analysis, the fault lies not in Germany's stars but in herself—in a fundamental defect of national character. The Prussian is by racial nature a big blonde beast, cruel and coward at the core. Nietzsche supplies the epithet and Goethe the characteristics we have cited. He is brave in aggressive winning warfare, and coward as a cur when he is beaten. He lacks the bottom of the English Tommy, whose power to endure defeat has always been the wonder of the world. It was Napoleon's complaint. The English are too stupid to know when they are beaten; it is useless to defeat them, because it must be done all over again; they always lose every battle except the last, said he.

The French soldier has limitless resources within himself. It is the very finest flower of French democracy. The strength of the Teuton lies in his organization. It is as perfectly and as delicately adjusted as the mechanism of a Swiss watch; but when his war machine or any part of it collapses the individual German throws up his hands and cries "Kamerad!"

What the Teuton lacks and what the soldiers of the allied nations have without limit is staying power—what the jockeys call bottom.

It is sheer grim grit that will win this war in the last half hour of the death grapple. The Teuton does not have it and the lack of it is fatal for Germany.

Yes, the day is breaking, after four long years of nightmare. The end is not yet, but peace and the home-coming of our boys are in sight. The war is not yet over to be sure, and hard months are ahead of us, just as Andre Tardieu the French High Commissioner said the other night in Paris, but the red streakings of a glorious victory line the eastern horizon.

### SHALL THEY GO TO WAR?

We must have 5 million men on the battle front, says Secretary Baker. We will send 10 millions if necessary, says Secretary Daniels.

But class one of the war draft is now exhausted, and when congress meets in September, the draft age must be dropped below 21 and raised above 31.

Shall our 18 year old boys be called to the colors? Yes, if necessary, but otherwise, No.

The point we make here is that it will be necessary, unless public sentiment compels the sheriffs in every state to round up the deserters. Almost everywhere in America the sheriffs are timid. We won't say cowardly; we say timid. There are six well known deserters in this county. There are some in well nigh every one of the 3000 counties of the United States. If public sentiment cannot be aroused against deserters, our 18 year old boys may have to go into the trenches in their stead.

They may have to go unless another thing is done. Class two ought to be promptly overhauled by the draft officers everywhere. This class is infested with slackers who ought to be moved up into class one. There are conspicuous instances in every county—ten or more in this county. They are not in class one because they imperturbed their wives and blood kin to sign reluctant affidavits.

We've had too much waving of petticoats to keep the home fires burning to warm cold feet, says D. H. Hill.

Unless acute public sentiment can everywhere be aroused against deserters and slackers our 18 year old boys may have to go to war.

An inspection of the records in any draft office will show that class one can be increased at least ten per cent. It means 300,000 more men for the front.

Why take our stripling sons for war, and leave such men at home in sorry disgrace?

But it must be done, unless courageous souls can be nerved to speak right out against the disgrace that now afflicts almost every community in America.

### GERMAN BANKRUPTCY

Pessimistic Americans who view with alarm our increasing national obligations may derive a great deal of comfort from a comparison of the financial condition of the United States contrasted with that of Germany.

The total resources of the United States are estimated at about \$250,000,000,000; our annual earnings are estimated at about \$50,000,000,000. Our national debt, including the third liberty loan, may be put around \$12,000,000,000.

Before the war our Government was spending about \$1,000,000,000 a year.

When the war is ended, interest charges, less the interest collected from our loans to our allies, Government insurance expenses, and other necessary expenditures growing out of the war may conservatively be estimated at something like \$1,000,000,000. We are confronted, therefore, when peace comes, with raising only a couple of billions a year revenue, a slight task for a Nation of such tremendous wealth, capacity, and resources.

The resources of Germany before the war were estimated to be \$80,000,000,000. The annual expenditures then of the Imperial Government were about \$800,000,000. Her debt now is \$30,000,000,000, and her resources and man power have been severely impaired. After the war she is confronted with additional expenditures growing out of the war totaling some \$4,000,000,000.

The interest of her war debt, even if the debt grows no larger, will be about \$1,500,000,000. Although she is niggardly in her pensions to private soldiers and their families, \$1,000,000,000 a year would hardly suffice to pay even small pensions to her injured and the families of her soldiers who have been killed. Her war debt must be paid some time and a sinking fund of 5 per cent would add \$1,500,000,000 to her annual taxation. Here is a total increase of \$4,000,000,000 all due to the war.

Of course both the United States and Germany may greatly increase their debts, but the increases will not change the relative situations.

The German Government has drained the German people of their gold, even their jewels and heirlooms, and yet the Imperial Bank of Germany now has but little over \$500,000,000 of gold in its vaults. The United States has made no special effort to obtain gold, has made no call upon the people for the precious metal, and yet today has in its Treasury vaults practically \$2,500,000,000 of gold coin and bullion.—Federal News Service.

### OUR SUMMER SCHOOL

The 31st session of the University of North Carolina summer school, characterized by a spirit of purposeful study and fine patriotism, has just ended, and its 618 members, drawn from 87 North Carolina counties, have returned to their homes.

Although not as largely attended as in recent years, the session has been most distinctive in many ways. North Carolina has never witnessed a more patriotic, and at the same time beautiful celebration than that given by the school in Battle's park July 4, and few schools in the country have equaled the record of the 428 Carolina teachers, when on June 28, war savings stamps day, pledged a total of \$42,800 in stamps to be bought by December 31.

Of the total enrollment 518 members of the school were women and 100 were men. Four hundred and eighty of these were teachers and 111 were preparing to teach. Four hundred and fifty-three, or 73-10 per cent, of the total number had training above high school. The ratio last year was 72 per cent. Two hundred and thirteen, or 34-5-10 per cent, were studying for college credit. Last year the ratio was 31 per cent, and the year before 26 per cent.

The distribution according to religious belief was as follows: Methodist, 217; Baptists, 144; Christians, 33; Friends, 12, and 20 from various other denominations. Twenty-six failed to indicate their church affiliations.

Six hundred students were from North Carolina, representing 87 counties, Orange led with 52, and Guilford next with 28. No other county had more than 25 students; in attendance and 13 counties were without representatives. Virginia was represented by seven students, South Carolina by five. Georgia by three and Oregon by one. Two were from Japan.

Sixty-one colleges were represented, among them being 95 students from the State Normal, 72 from the University, 32 from Greensboro College for Women, 26 from Meredith and 23 from East Carolina Teachers' Training school. There were 260 from various other colleges.

The teachers' bureau has been called on for more teachers than it is possible to supply. There is a great demand for grammar grade and high school teachers and principals. The inducements offered by the government are so much greater than those offered by the school boards that it seems impossible to fill many of the places that have hitherto been flooded with applications for positions.

### OUR NEW WAR TAXES

During the year just closed on June 30, the direct war taxes paid by the people of the United States amounted to nearly 4 billion dollars.

Next year the government needs to raise eight billions by taxes and twelve billions more by popular loans in the

form of liberty bonds, certificates of indebtedness, saving stamps and the like.

The new revenue bill that is being considered by the ways and means committee of the house proposes to get the necessary increase (1) by laying heavier burdens on luxuries and on the people of the country rich and poor who willfully indulge in luxurious habits, (2) by a real war-profits tax at a high rate upon all war-profits, and (3) by a substantial increase in the amount of normal income tax upon all so-called unearned incomes.

As we have seen, the burdens under the present law fall almost entirely on wealth and luxury—on excess business profits, on individual and corporation incomes, inheritances, munitions, and the like.

It so lightly touches the pocket of the average man, in direct ways, that Secretary McAdoo thinks the American people are likely to miss one of the most valuable disciplines that can come to a nation in time of war—namely the habit of cutting out waste and saving the last possible penny, on high levels of patriotic motive.

We give below a brief of the tax on luxuries that McAdoo proposes, as it comes to us from Washington:

### Luxury Taxes

"Preparations for framing the new war revenue bill was continued by the house ways and means committee today with attention centering upon the list of suggestions for new or higher taxes on luxuries submitted yesterday by the treasury department.

"Members of the committee indicated that the list would form the basis for consumption taxes in their draft of the bill, though some of the proposals would be changed and others disregarded.

"Besides doubling present taxes on liquors and tobacco, quadrupling soft drink levies, and making general increases in other existing rates, the treasury suggestions include taxes of 50 per cent on retail prices of jewelry watches and clocks, except those sold to army or navy men; 20 per cent on automobiles, bicycles, musical instruments, etc.; 10 cents a gallon on gasoline, to be paid by the wholesaler; 10 per cent on hotel bills for rooms over \$2.50 a day or American plan over \$5; 10 per cent on all cafe or restaurant bills; and taxes of unstated amounts on men's suits selling for more than \$30, women's suits over \$40 and coats over \$30; men's hats over \$4; shirts over \$2; pajamas over \$2; hosiery over 35 cents; shoes over \$5; gloves over \$2; underwear over \$3; all neckwear and canes; women's dresses over \$25; skirts over \$15; hats over \$10; shoes over \$6; lingerie over \$5; corsets over \$5, and all furs, fans, etc.; children's clothing, including suits over \$15; purses, toilet articles, etc., over \$2.

"In addition to all these taxes, which would be levied directly upon the consumer, the list proposes doubling the present motion picture admission tax and imposing a tax of five per cent on moving picture theatre rentals, with the present film tax eliminated.

### SQUABS AND BABIES

If you were going to raise squabs for a living, of whom would you wish to learn the business? Surely not of someone who had lost a sixth or a quarter or a half of the squabs he had attempted to raise. No, you would find someone who had had signal success in the business.

And if the Department of Agriculture at Washington offered you free of charge pamphlets summing up all that experts in squab-raising could teach, wouldn't you sit up nights to study them?

That is how you would go about learning the squab-business. But when it comes to learning the business of baby-raising we women are too apt to go about it differently. We start right in without any training or study. We blindly take the advice of old Mrs. So-and-So next door, without stopping to think that she lost a third or a fourth of the babies she attempted to bring up. We follow old superstitions and practices, without learning that scientific experiments have developed other and better ways.

Let us begin a systematic training in child culture, studying the pamphlets the government has put at our disposal, just as we should do if we were learning to raise squabs.

If you can afford it get help in your business of baby-raising from the best child specialist in your community. If there is no such doctor there seek the advice of the general practitioner who has had the most recent experience in a large city hospital. He can help keep your baby well by teaching you its proper diet and care.

Any mother who does not know what to do for her baby has only to write to the Children's Bureau of the Department of Labor at Washington, and helpful pamphlets, written by specialists, will come to her at once.—Ruth Danenhowe Wilson, of the Vigilantes.