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## DENMARK AND NEW ZEALAND

### STATE-AID TO FARMERS

State-Aid to Farm Ownership in Denmark and New Zealand was presented by Mr. S. H. Hobbs, Jr., of the Rural Social Economics Department, University of North Carolina, at the last regular meeting of the North Carolina Club. This paper will be printed in full in the Club Year-Book to be issued in the early fall. We are presenting a few of the points brought out in Mr. Hobbs's paper.

#### In Denmark

Farm ownership and small-scale farming are the economic basis of Danish life. A civilization is molded largely by the type of land tenure that prevails. Hereditary landlordism means ultimate political reaction. Where the masses own the land, hope, freedom, and ambition prevail. In Denmark the farmers have been moving into land ownership for sixty years. Farm tenancy has decreased from forty-four percent to less than ten percent during this period.

Denmark, be it remembered, is one-fourth the size of North Carolina, with about a half-million more people. Farm tenancy in its worst form exists in Belgium, and that would be the case in Denmark except that the farmers have brought about their own economic freedom through education and cooperation, with the moral support of the state. The state actually gives nothing. The farmers do it for themselves, with state supervision and guaranty up to a certain point.

Tenants as well as landowners receive cheap credit in Denmark. State-aid to tenants had its beginning in a law passed in 1875 for the creation of credit banks which received aid from the state, whose object was to assist men to purchase small holdings of land. Other laws were passed in 1899, 1904, and 1909 by which the nation entered on a still larger program of land distribution. A would-be farmer who measures up to standard requirements and who can furnish one-tenth of the purchase price can borrow the other nine-tenths, but not more than \$3,200, from the state. The first five years the borrower pays only the interest at four percent. Then the loan is divided into two parts—two-fifths and three-fifths. On the two-fifths the farmer pays five percent, one percent being to retire the first two-fifths of the debt in 46 years. He pays only interest on the remaining three-fifths until the two-fifths is retired. Then he retires the three-fifths in a similar manner, the whole loan being repaid in about 98 years. There have been few foreclosures and the state has suffered no loss.

#### Credit Unions Help

For the farmer who owns land cheap credit is provided through twelve district credit unions, each operating in its own section of the country. Loans have been made on 236,000 farm properties and there are only about 260,000 farms in Denmark. The money is secured by selling bonds or notes which are bought and sold on the stock exchange the same as any other merchandise. The farmer executes a mortgage against his farm which is accepted by the credit union, which in turn issues notes to him which he can dispose of anywhere. The farmer pays whatever interest the notes bear plus sixty-five hundredths of one percent. One-half of one percent is to retire the loan in sixty years. The state gives no direct aid, but guarantees the bonds up to 4 percent. A reserve fund of \$20,400,000 has been built up and the few losses are made good out of this fund.

#### In New Zealand

In matters of social legislation to aid all classes of people New Zealand has gone further than any other country. Nowhere in the world had land become so concentrated in the hands of a few people. Only 14 percent of the white people owned land in 1890. There were 584 owners who held an average of 17,800 acres each. The land legislation of New Zealand was designed to break up large estates and to make it possible for any settler, town or country, to own land or, what amounts to the same thing, to lease it from the state for periods of 33 years or more with perpetual right of renewal. Lands are disposed of by the state for cash, for

25 years with right of purchase, rent five percent, or for 66 years with perpetual right of renewal, rent four percent of the land value, minus all improvements.

#### Advances to Settlers

Long-term loans are advanced to settlers who own first-class lands. The loans are solely for productive purposes and range from \$125 to \$13,000. A mortgage is taken on the leasehold or freehold and the buildings thereon. The loans run for 37 years, the debt being amortized in 73 equal half-yearly payments.

#### Six Great Principles

Other countries have land, income, and inheritance taxes, but no other country except Switzerland has anything like so strong a home ownership law as that of New Zealand with its six great principles:

1. Exemption of improvements, livestock, and personalty. There is entire exemption of all improvements on land from taxation both for state income tax and land tax. No man is taxed for his expended labor, for thrift, for any improvements made on any land. Since this feature has been in effect the new buildings erected and improvements made have been unprecedented.

2. Exemption of small property owners who would be embarrassed by the tax. Less than 20 percent of the freeholders pay a state land tax. The rest pay no state tax of any sort, but all pay local taxes on real estate.

3. Deduction of mortgages in paying taxes on land. If a man has a mortgage against his land, he deducts the amount in listing his land for taxation. The man who holds the mortgage pays an income tax provided his income is high enough.

4. No tax on incomes unless they are above the average level or labor line.

5. Inheritance and succession duties. The inheritance tax runs all the way from two and one-half percent on the first \$3,000 with \$5,000 exemption, to ten percent on estates valued at \$100,000 or more.

6. Graduation of taxes to restrain monopoly and to conform more closely to the rule of payment according to ability, which is the fundamental equity in taxation.

#### Graduated Land Tax

The graduated land tax is for the purpose of preventing great estates, and of breaking up those already in existence. The tax is on the land value alone. It begins on estates worth \$25,000, where the tax is very low, and increases until it is 13 times as high on estates worth \$200,000. The graduated tax is increased by 50 percent in the case of absentee owners. This tax feature makes it almost impossible for an absentee owner to hold large estates out of productive uses for a speculative rise in value.

The government of New Zealand is in the land business for the benefit of the people. It purchases estates, divides them and sells or rents them for long terms with perpetual right of renewal. The state gets 4 percent rental on the unimproved value of the land, the renter paying no other state tax. The state has suffered no losses. On the other hand it makes a profit of about a half-million dollars yearly. The state makes a profit while any person can own land or lease it and pay less than anywhere else on the face of the earth. The state provides cheap long-term loans for productive improvements.

#### In North Carolina

All of which is in sharp contrast to this and every other state in the Union. In most states the taxation systems encourage land speculation. In every state all improvements are listed for taxation. We penalize the man who improves his land, builds homes and equips his farm with livestock and machinery. We encourage the holding of land out of use for speculative rises in value. In this state we have 23 million idle acres, idle for farm purposes, and 43.5 percent of our farmers are tenants. Two-thirds of our town and city people live in other

Released Week beginning May 1

### KNOW NORTH CAROLINA The Public Welfare Job

Mrs. Clarence A. Johnson

The Legislature has said there are too many people in our state who are socially sick and too many others exposed to infectious social evils, and unless social physicians are provided who can diagnose the trouble and assist in curing our social ills, the state will continue to have an increasing number of persons afflicted by dependency, delinquency, and neglect, constituting a great financial and moral burden. Consequently a plan was made whereby each county might have a superintendent of public welfare who would be a social specialist at the service of the people. The Legislature has given superintendents of public welfare some known specifics to be administered for the cure of our social ills. As in the practice of modern medicine, the emphasis is placed on preventive rather than curative measures, and the child and his needs taken as the starting point.

#### Some Remedies for Our Social Ills

##### 1. The Child.

(1) Every child between the ages of seven and fourteen shall be in school the length of time school holds in the district in which the child resides.

(2) Children under fourteen years of age shall not work in certain enumerated occupations that are considered detrimental to their physical and moral development.

(3) Dependent, neglected, and delinquent children under sixteen years of age shall have special care and protection.

(4) Wholesome amusement shall be provided and commercial amusements regulated.

##### 2. The Adult.

(1) The causes of distress shall be investigated, the poor looked after, and the county poor funds carefully administered.

(2) Paroled persons shall be under supervision.

(3) Employment shall be found for the unemployed.

(4) County institutions for the poor and the delinquent must be regularly inspected and conditions reported to the proper authorities.

The County Superintendent of Public Welfare is on the trail of all socially indisposed people. The dose that he prescribes for their cure may not be very pleasant in the taking, but it will mean in the end a cleaner, purer, more wholesome life for many of our people.—Mrs. Clarence A. Johnson, State Commissioner of Public Welfare.

people's homes. Is there nothing we can do to remedy the growing evil? Other countries have solved the problem. We must do likewise.

As one remedy we propose a new taxation system, a compromise between New Zealand and our present system. The Progressive Land Tax we propose is (1) low rates on improvements, higher rates on land, and still higher rates on land held out of productive uses for speculative rises in value, with a maximum tax on land held out of use by absentee landlords, (2) with exemption or low rates on small properties while occupied and operated or used by owners.

#### CROP VALUES PER WORKER

Fifth from the top of the column in gross crop values produced in 1921.  
 Ninth from the top in per-acre crop

values, same year.

But thirty-second from the top in per-worker crop values produced in the census year—a subject that was treated in the University News Letter April 26, 1922.

Today we are ranking the counties of the state in per-worker crop values. See the table elsewhere.

An effective farm system makes it possible for a reasonable portion of farm wealth to stick to the palms that sweat it out, and it must be based on diversification by land-owning farmers.

North Carolina is great in the production of gross and per-acre crop wealth; but we are weak as water in the retention of it in farm areas.

And farm wealth-retention is even more important than farm wealth-production.

A look into our weakness in this particular will be given by the tables in early issues ranking the states of the Union and the counties of the state in accumulated wealth in farm properties per country inhabitant. We produce enormous crop values from year to year, but we rank only 41st in the per capita accumulation of farm wealth.

#### Scotland Stars

Scotland far and away led the state in the per worker production of crop wealth in 1919. Her average was \$2,716 per worker; which was more than twice the average of the country-at-large, more than \$500 beyond Greene, her closest competitor, nearly three times the average of the state, and more than nine times the average of the six lowest counties in the list—Jackson, Wilkes, Swain, Darg, Graham, and Avery.

Seven-eighths of Scotland's crop wealth in 1919 was produced by non-food crops, mainly cotton, and almost

exactly four-fifths of all her farmers, white and black, were croppers.

But does farm wealth produced under these conditions mean the retention and accumulation of wealth in the farm regions? The cream of it accumulates in the trade centers, but do the farmers themselves possess it?

If so, then Scotland on a per capita basis would easily be the richest farm county in the state. And she is near the top; in this particular, only five counties stand above her.

#### Alleghany Stars

But curiously enough, her farm wealth per country inhabitant is only \$182 greater than that of Alleghany—a county of home-owning, food-producing farmers who do not raise a pound of either cotton or tobacco, or too little to mention.

Alleghany is near the bottom in crop wealth production, but is near the top in per capita farm wealth-retention. She is not the richest farm county in North Carolina, but on a per capita basis only eight counties make a better showing. And Avery is at the bottom in per worker crop values, but she stands above 50 counties in per capita country wealth in farm properties.

Alleghany, you see, is not a crop-farming but a livestock-farming area in the main. Her annual production of crop values is small, but her farm wealth lies in farm lands, buildings, cattle, pigs, sheep, and poultry. The farmers handle little money, but they live in a land of milk and honey, peace and plenty.

If these northwestern counties, Avery, Watauga, Ashe, and Alleghany, ever develop efficient schools, and marketing facilities in highways, railroads, and motor truck service, they will suddenly become the richest farm counties east of the Mississippi. Nothing is surer than that.

#### CROP PRODUCTION PER FARM WORKER

Based on the 1920 census, covering the year 1919. The averages result from dividing the gross values of all crops by the total number of farm workers in each county.

The average for the state was \$1,054; for the United States \$1,347. Thirteen counties excelled the average for the country-at-large, all of them in the cotton-tobacco belt, Scotland leading with \$2,716, followed by Greene, Edgecombe, Hoke, and Wilson in the order named—all of them producing more than \$2,000 per farm worker.

But in accumulated wealth in farm properties per country inhabitant, the order changes. See the table in an early issue of the News Letter.

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Rank	Counties	Average	Rank	Counties	Average
1	Scotland	\$2,716	51	Onslow	\$861
2	Greene	2,164	52	Caswell	860
3	Edgecombe	2,065	53	Tyrrell	849
4	Hoke	2,020	54	Lincoln	825
5	Wilson	2,003	55	Moore	809
6	Pitt	1,969	56	Pender	806
7	Robeson	1,942	56	Rowan	806
8	Lenoir	1,910	58	Iredell	799
9	Nash	1,760	59	Stokes	779
10	Martin	1,597	60	Gates	777
11	Richmond	1,557	61	Guilford	762
12	Jones	1,536	62	Catawba	752
13	Johnston	1,520	62	New Hanover	752
14	Wayne	1,451	64	Surry	725
15	Beaufort	1,408	65	Montgomery	719
16	Craven	1,376	66	Orange	711
17	Chowan	1,360	67	Durham	705
18	Pamlico	1,389	68	Davie	685
19	Duplin	1,318	69	Alamance	676
20	Cumberland	1,309	70	Yadkin	662
21	Halifax	1,304	71	Stanly	652
22	Hertford	1,272	72	Davidson	644
23	Anson	1,251	73	Chatham	629
24	Harnett	1,232	74	Rutherford	601
25	Columbus	1,202	75	Brunswick	576
26	Bertie	1,167	76	Polk	565
27	Vance	1,149	77	Alexander	550
28	Sampson	1,138	78	Randolph	500
29	Washington	1,134	79	Haywood	463
30	Franklin	1,077	80	Caldwell	437
31	Currituck	1,072	81	Alleghany	436
32	Wake	1,069	82	Madison	432
33	Granville	1,060	83	Buncombe	424
34	Cleveland	1,058	84	Transylvania	410
35	Perquimans	1,049	85	Clay	398
36	Camden	1,035	86	Burke	386
37	Carteret	1,024	87	Macon	380
38	Pasquotank	1,018	88	Yancey	368
39	Cabarrus	1,010	89	Henderson	363
39	Northampton	1,010	90	Ashe	335
41	Bladen	1,003	91	Watauga	331
42	Hyde	999	92	Cherokee	330
43	Mecklenburg	998	93	Mitchell	321
44	Lee	958	94	McDowell	314
45	Person	948	95	Jackson	309
46	Rockingham	944	96	Wilkes	300
47	Union	938	97	Swain	294
48	Gaston	920	98	Dare	292
49	Warren	911	99	Graham	283
50	Forsyth	890	100	Avery	263