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PROGRAM FOR TAX STUDY CLUBS

I. WHAT IS A TAX

Preface

As announced in last week's issue of this publication we are carrying in this issue an outline of the first of a series of thirteen topics that may be used as guides or program outlines for local tax study clubs. Several requests have been made for such an outline, and it is hoped that these sketches will be valuable aids to local tax study clubs already organized, or that may be organized in the future. The subject of taxation is a live one, and of vital interest to every taxpayer. Students of tax problems are too few in North Carolina. Yet our tax problems can never be intelligently settled until they have been carefully studied. It is hoped that scores of local tax study clubs will spring up over North Carolina. Such clubs have accomplished marvelous results here and there over the United States. A few local tax study clubs, like those of New York, Illinois, and California, could be equally effective in this state. For such local tax study clubs this outline has been prepared. It is suggested that two members be charged with preparing the program for the first meeting.

A. Outline

- A-1. Government as a Means to Secure Cooperation:
 - Government defined.
 - Why we must have government.
 - The advantages of democracy.
2. Functions of Government:
 - To define and make known the rights and duties of individuals.
 - To keep order and protect life and property.
 - To enforce the performance of duties, and punish if necessary those who disregard them.
 - To regulate and conduct numerous activities which can be performed better by the government than by private activity.
3. Private Activities:
 - Those which can safely be left to the judgment of the individual, or in which the people will voluntarily cooperate for the common good.
4. Public Activities:
 - Whenever general welfare demands it and public opinion will sustain it.
5. Increasing Number of Public Activities.
- B-1. Charge Services.
 - When easy to allocate the cost to the user,—street car fares, water rent, use of electricity, postage, parcel post charges, fees for having deeds and mortgages recorded, etc.
2. Free Services:
 - When difficult to make the allocation, when difficult to collect the charge, or when it is desirable that all members of the community enjoy the benefit of a particular service,—use of streets, bridges and parks; police protection; fire protection; public health service; public education; care of delinquents and defectives, etc.
3. Taxation Necessary to Support Free Services:
 - A tax may thus be defined as: "An appropriation of private wealth for public purposes."
 - "A compulsory payment for the support of government."
 - "The individual's contribution toward the support of a community enterprise."
4. Principles of Taxation:
 - Levied according to ability to pay.
 - Levied according to benefits received.
 - Levied as a means of social control.
 - Used for the benefit of the public as a whole.

Taxes

"My tax is so high
It soars to the sky;
It takes all the coin from my pocket;
And what can I do
But sputter and stew,
And pay the blame thing, and then
knock it?"
So said Farmer Jones
In violent tones
With all the choice words in the docket.
"It's stupid of us

To make such a fuss

Though taxes go up like a rocket;

If the money's well spent

We should be content,

And if it is not we should block it,"

Farmer Brown quickly said

And lifted his head

With brains enough in it to stock it.

"For we are the State

And we fix the rate;

If we told the world that, it would

shock it.

We should open the books,

And put all the crooks

In the calaboose. Then we should lock

it;

Then gather the facts

And reckon our tax,

With the calaboose key in our pocket."

B. Explanations

If a study of the tax books reveals waste we should block it. It is our government and we should take charge of it. "We are the State," and the rate of taxes which we have to pay depends very largely on the interest which we, as citizens, take in our government and the responsibility which we are willing to assume. A tax study club in a county would be a great asset to that county.

At the outset it is necessary to comprehend the purpose and nature of a tax. It is not an exaction imposed upon us by an external force. It is not tribute money. It is a self-imposed obligation to meet the expenses attached to our collective activities. Some things can be more economically and effectively done by collective action than by individual action, and in that case the individual must contribute his share of the cost. That is a tax. Government is nothing more nor less than the agency through which that cooperation is brought about. We could not depend entirely on volunteer cooperation. Even if everyone had a cooperative spirit and followed the Golden Rule we should still need government for without it there would be no order or system.

As life becomes more complex the number and variety of public services must inevitably increase. When the service can be easily measured and the beneficiary is apparent it can be paid for directly and it is called a charge service. On the other hand, when it would be difficult or impossible to affix a direct charge, it must be made a free service to all the people and paid for through taxation. Naturally as the number of free services increases the taxes increase.

Even were it possible to determine what benefits each person receives from government, it would not be desirable or just to determine taxes on that basis alone. Should a family with five children in the public schools pay five times as much school tax as the family with only one child? Or should a man with no children be exempted from the school tax? No, we are guided by another principle, namely, "the ability to pay." The rich should pay more than the poor. Then there is another purpose for which a tax may be imposed. It may be used to encourage or discourage certain practices, that is, for purposes of social control. For instance, the housing shortage in New York City became so acute that all new houses built were to be exempted from taxation for a period of ten years. The tax may even be used to destroy an enterprise. As an illustration, in 1914 Congress laid a tax of \$300 a pound upon the manufacture of opium to be used for smoking and in this way destroyed the industry by taxation. Whatever the source of the tax, however, or whatever its immediate purpose, only one principle should obtain in its expenditure and that is, it should be used for the benefit of the people as a whole.

C. Questions

How are you personally served by the federal government? by the state? by the county?

Is there any relation between loyalty to government and cheerful tax paying?

When have we a right to object to a tax?

Which of the three definitions of a tax do you prefer? Why?

Which of the following "should, in your opinion, be operated by the pub-

OUR RESPONSIBILITY

It is through taxation that the activities of government are supported. Naturally, as we improve our schools, build more and better highways, assume a greater responsibility for public health and public welfare, modernize our jails and county homes, it means higher taxes. Perhaps the return in service is greater for each dollar paid in taxes than when the taxes were lower. But, even so, people feel, and rightly, that taxes are becoming burdensome, especially local taxes. There is a general feeling that taxes are high because of waste in the collection and administration of them, and undoubtedly there is a reasonable basis for that belief. At any rate, there is widespread complaint but few can offer intelligent criticism or suggest any means of relief. There should be a local tax study club in every community learning how taxes are raised and how they are spent, and what, if anything, is wrong with our present system. Only so will we acquire correct attitudes toward government and a true sense of our civic responsibility.—Paul W. Wager.

ATTENTION, CLUB WOMEN

Let me call your attention to the announcement elsewhere in this issue of the News Letter concerning the study outline on tax problems in North Carolina, state and local. The Women's Clubs Section of the University Extension Division is co-operating with the News Letter in placing this study outline before you. In it you will find a difficult question treated in a simple and attractive style and we hope you will avail yourselves of the opportunity here offered of becoming acquainted with a matter of great importance to every North Carolinian. Let me urge you to make this a subject of study in your club work and, if possible, include it in your summer schedule.—Nellie Roberson, In Charge Women's Clubs Section of the University Extension Division.

lic and which by private enterprise: Schools, railroads, postal system, highways, bridges, hospitals, medical service, orphanages, poor relief, boll weevil control, fire protection, water power, mines, oil wells, Muscle Shoals, telephones, merchant marine, port terminals?

Give an example of a tax based on "ability to pay".

Give an example of a tax based on "benefits received". How does this differ from a charge service?

Should a tax be used as a means of social control? Give illustration.

Compute the value of the services you receive from each of the governments to which you pay taxes and see if you are getting value received.

If you are paying for more than you receive, add to your debit account the amount that you would be willing to give extra in order to relieve the tax burden on the widows, the poor and the unfortunate.

If you are still short, make a study of public expenditures and see if there is not waste somewhere.

Remember that you are the government and when you blame the government you are indicting yourself.

D. Sources of Information

Woodrow Wilson, *The State*. Allyn and Baker, New York, 1898. pp. 612-615, 633.

Frank A. Magruder, *American Government*. Allyn and Baker, New York, 1918. p. 76.

R. O. Hughes, *Community Civics*. Allyn and Baker, New York, 1917. pp. 11-12, pp. 289-293.

R. O. Hughes, *Economic Civics*. Allyn and Baker, New York, 1921. pp. 37-72.

E. R. A. Seligman, *Why Do We Pay Taxes*. Country Gentleman, June 6, 1925.

Hastings Lyon, *Principles of Taxation*. Houghton Mifflin Co., Cambridge, Mass. 1914. pp. 1-30.

Or any good civics text book.—Paul W. Wager.

TENANT CHILDREN DROP OUT

That children of parents who own their farms remain longer in school than the children of tenant farmers is shown by a recent survey in Jefferson County, Ga. In the first four grades of the school, children of tenant farmers compose 55.5 percent of the enrollment. After that they begin to drop out, and the enrollment of children of tenant farmers in the fifth grade is only 35.5 percent of the whole number. During the four years of high school, children of farm-owning parents make up 32.4 percent of the student body. The enrollment of children of tenant farmers decreases from 33 percent in the eighth grade to 3 percent in the eleventh or last grade.—School Life.

THE SUREST WAY

Agriculture, said Herbert Hoover the other day, is a better town builder than industry. The remark is one that deserves more than passing notice. The chambers of commerce in nine out of every ten towns in the United States should have this very fact drilled into their systems. The majority of the American towns which now are straining their suspenders in an effort to pull factories in their direction will make more healthful progress if they forget the factories and extend a cooperative hand to the farmer.

Agriculture is the backbone of the average small town, but the town boosters are inclined to forget this fact. They labor under the mistaken notion that a good town means a bigger town and that a bunch of factories would solve their problems. The good will and noble-hearted support of the farmers in that town's trade territory are vastly more desirable than factories for the average town. This good will and this support will not come unsought and uninvited. The boosting of a community's agriculture will be bread cast upon the waters. The town will prosper without belching smoke stacks.—Emporia Gazette.

AUTOMOBILES AND BOOKS

An automobile and a book. The one cost perhaps a thousand dollars and the other two dollars. And yet in some of the states there are more licensed cars than there are books in the public libraries. Actually more automobiles than available books! The comment is one brought forcibly to us by the reading of a little pamphlet containing a reprint of an address made at the University of Virginia by Dr. Louis R. Wilson, librarian of the University of North Carolina. Dr. Wilson took as his subject "Print in the service of the South" and interpreted print broadly to include libraries, books, magazines,

publishing houses, and bookstores.

Many vague things have been written and spoken about the state of literature in the South. Seldom has the problem been tackled by one so willing to dig out the facts as Dr. Wilson. The librarian pointed out various evidences of our failure to use print. We can only summarize: Our public libraries are low in their quota of books; with few exceptions libraries are small and not highly specialized; the large collections we have grow slowly, Louisville being the only city south of Washington adding more than 15,000 volumes a year; we do not read magazines and the number of subscriptions is oppressively low compared with other sections of the country; the South has proved "the graveyard of magazines" which have been given birth, struggled for a year or more and died; there are relatively few publishing businesses; good book stores are rare.

From these evidences, Dr. Wilson points out the significance of this failure to use print. He finds that educational progress is heavily handicapped, that the doors are closed to aspiring young writers who find difficulty in getting attractive publication, that a "regenerating criticism" has not been developed, and that the consequence of this situation is a loss of intellectual freedom. A summary of this sort is unfair both to the subject and to Dr. Wilson's careful presentation. We wish the address might be read by all "first" hunters. Dr. Wilson has pointed out some "lasts" which need pondering.—Asheville Citizen.

SCHOOLS

An active, spirited, intelligent body of laborers in every department of industry is an essential condition of a high state of national prosperity. But such a condition can never coexist with general ignorance. For it is not nature alone that makes the man. The living spark can be first kindled only by schools. It is the school that quickens curious thought, fills the mind with principles of science, and starts the inventive and creative powers into action. Therefore I say, push your schools to the highest possible limit of perfection. Spare no pains, count no expense. Let every talent, every type of genius in every child be watched and nurtured by the State, as by a mother watching for the signs of promise in her son. Rely upon it that the State which would find the readiest road to wealth must regard it as among the very first of her duties, to develop the productive genius and energy of her people. No waste that society can suffer will, in the end, prove so expensive as the waste of talent and creative skill.—Thomas H. Burrowes.

HOSPITAL FACILITIES IN THE UNITED STATES

Inhabitants per Hospital Bed in 1923.

In the following table the states are ranked according to the number of inhabitants per bed in all hospitals in each state, exclusive of federal hospitals. The table is based on *Hospitals and Dispensaries, 1923*, issued by the Federal Department of Commerce. The number of persons per bed is derived by dividing the population of each state by the aggregate of beds in all hospitals in that state.

Colorado leads in hospital facilities with one bed for every 193.8 inhabitants. North Carolina ranks forty-first with one bed for every 610.3 inhabitants.

U. S. average, one bed for every 335 inhabitants. North Carolina needs nearly twice her present hospital facilities to be on par with the average for all the states.

Rank	State	Persons per Hospital Bed	Rank	State	Persons per Hospital Bed
1	Colorado	193.8	25	Nebraska	354.7
2	California	212.6	26	Missouri	360.9
3	New York	215.4	27	North Dakota	375.1
4	Minnesota	216.3	28	Vermont	375.3
5	Massachusetts	226.7	29	Kansas	399.5
6	New Mexico	234.2	30	Idaho	402.8
7	Washington	250.9	31	Ohio	404.3
8	Arizona	259.9	32	Delaware	433.2
9	Maryland	262.8	33	Utah	447.0
10	New Hampshire	264.2	34	West Virginia	451.6
10	Wyoming	264.2	35	Indiana	473.9
12	Connecticut	266.2	36	Louisiana	506.7
13	Oregon	268.8	37	Virginia	515.8
14	Montana	275.2	38	Florida	544.9
15	Illinois	280.0	39	Texas	560.7
16	New Jersey	282.7	40	Tennessee	575.8
17	Pennsylvania	285.9	41	North Carolina	610.3
18	Rhode Island	303.5	42	Alabama	638.7
19	South Dakota	304.9	43	Kentucky	644.0
20	Nevada	307.1	44	Mississippi	694.8
21	Maine	314.3	45	Georgia	741.3
22	Wisconsin	323.8	46	Oklahoma	795.4
23	Michigan	333.9	47	South Carolina	821.6
24	Iowa	342.6	48	Arkansas	1001.6