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PROGRAM FOR TAX STUDY CLUBS

III. TAXABLE WEALTH

(It is suggested that two people, A and B, handle this section.)

A. Outline

1. Local Government and the General Property Tax:

The principal source of revenue.

Is it a good tax?

2. The Ratio of Wealth to Tax Rate:

Increase in taxables may mean decrease in rate.

High valuations may mean low rates.

Low valuations may mean high rates.

Are taxables increasing as fast as the cost of government?

3. Real Estate (rural):

Acres of land listed compared with area of county.

Total value and per acre value.

Valuations compared with those of similar counties.

Cultivated land, percent of total.

Value per acre.

Waste land, percent of total.

Value per acre.

Pasturage, percent of total.

Value per acre.

Forest land, percent of total.

Value per acre.

Tax valuation compared with market prices.

The Constitution requires that all property be listed at its true value in money. Is that the practice?

4. Real Estate (urban):

Number of town lots, 1918 and 1923.

Has the increase been normal?

Compare valuations with those of other cities.

Compare valuations with sale prices.

What is the basis of assessing vacant lots?

Are they all listed?

Is there a real estate map?

5. Personality (tangible):

Amount of personality exempted from taxation.

Class of personality exempted.

Compare tax abstracts with visible property.

Percentage of personality listed.

Percent of true value at which it is listed.

Suggest changes in the law.

Suggest changes in method of listing.

6. Personality (intangible); Solvent credits:

Bank deposits.

Notes and mortgages.

Stocks and bonds.

Solvent credits offset by indebtedness.

Homestead indebtedness half deducted. When?

Are solvent credits being listed in your county? If not, why not?

What is double taxation?

Suggest changes in the law relative to intangible property.

B-1. Corporations:

Number corporations in county.

What can be done to attract others?

Are corporations in collusion with county officials?

Are corporations assessed at true value?

2. Polls:

Ratio of polls to population.

Ratio of polls to votes cast.

Compare these ratios with those of other counties.

Should there be a poll tax?

Should it be higher?

Should it be required of women?

Married? Single?

3. Dogs:

How much does dog tax yield?

Are the dogs all listed for taxation?

Are the dog taxes all collected?

What is the penalty for failure to pay dog tax?

To what fund are the dog taxes applied?

Compare number of dogs in county with number of sheep; cows.

Compare dog values with those in other counties.

4. Exemptions from Taxation:

United States bonds.

North Carolina State bonds.

Church Property.
Cemeteries.
Charitable institutions.
Public institutions.

B. Explanation

The principal source of revenue for local governments is the general property tax. This tax was devised in the days before industrial development and when land was the chief form of wealth. In the colonial period and in the early days of statehood, almost everyone held landed property, and his income was roughly in proportion to his property. Professional men were few; and they were usually owners of houses and land, and were taxed on these. Merchants had visible stocks of goods, and they also as a rule owned real estate in addition. All were reached by the property tax and in fair proportion to their ability to pay. But as the community ceases to be simple and homogeneous, property and income no longer run side by side. Many people with large incomes own little property. Incomes of lawyers, physicians, and other professional men, of salaried officials, of prosperous mechanics, of propertyless laborers, and so on, are not sourced in property. Even the income of a business man has but a loose relation to his property holdings. Strictly speaking, of course, there is no such thing as a tax on property. The tax comes not out of the property, but out of the incomes of property owners. Therefore, when property holdings cease to bear any direct relation to income, the property tax should be supplemented by other forms of taxation, and so it has for state purposes.

There are other aspects of the general property tax which are discriminating. Not all property gets entered on the tax books. Land and buildings, machinery, farm animals, and the more bulky forms of property cannot be concealed, but there are many forms of intangible property which can be concealed. Very much depends on the honesty of the owner. Stocks, bonds, mortgages, and all other evidences of wealth are income-producing property. They may yield a larger and more certain income than land and houses, yet the larger part of such property is not listed for taxation. Evasion is the rule, not the exception.

The general property tax in its application to intangible property is haphazard, ineffective, productive of small revenues, and demoralizing alike to taxpayers and tax officials. Yet, to excuse, or reduce the rate on intangible property would be an unfair discrimination against real estate and would discourage home and farm ownership.

So long as a county is largely agricultural a general property tax serves very well, but as a county becomes industrialized, supplementary taxes for local government should be devised.

But until there is a complete overhauling of our tax system there is only one possible course to follow—that is, to endeavor to get all taxable property on the books, and at a uniformly high valuation.

Just as an increasing tax rate drives taxables from the books, a decreasing tax rate attracts taxables. A relatively low tax rate not only makes it easier to get intangible property listed, but it attracts outside capital into the county. Abundance of taxable wealth and efficient government are the only means by which to secure a reasonable tax rate.

Such an outcome is to be viewed with concern.

The well-trained, properly equipped, experienced general practitioner of ability, character, and personality is a fundamentally valuable person.

He is a good diagnostician. He sees his patient as a whole. He knows his peculiarities and circumstances. He can decide when to refer him to a specialist and when to protect him against the very real danger which is threatened by a narrowly specialist point of view.

He cheers and encourages, warns and commands. He is not only a physician but a friend and counsellor. The disappearance of the general practitioner would be a serious loss. The stimulating

philosophy of individualism with its insistence upon independence, initiative,

and ambition seems to be embodied in the general practitioner.

He will survive only if he can win confidence and make a living. But he will have to meet the new conditions.

He will have to submit to a measure of team-work in the use of laboratories and other resources; he will be compelled to recognize the public demand for sharing costs of sickness and, most

important of all, he must become a practitioner of preventive medicine, a

counsellor of health, a man who can

recognize and correct the minor but

Is farm land listed at 100 percent of its market price? Are town lots?

What is a progressive land tax?

Should the taxing power be used to encourage home and farm ownership? How?

Should there be any tax-exempt securities?

How are mortgagee and mortgagor taxed under the recent homestead act?

D. Sources of Information

Frank W. Taussig, *Principles of Economics*. Macmillan Company, New York, 1915. Chapter 69 (*The General Property Tax*), Vol. II, pp. 528-549. (Any good textbook in Economics may be substituted).

North Carolina Revenue and Machinery Act, 1925.

Consolidated Statutes of North Carolina.

County Tax Books.

Conferences with Tax-listers, Tax Supervisor, and Register of Deeds.—Paul W. Wager.

THE DOCTOR OF THE FUTURE

A Health Counsellor

The medical schools of many countries, especially, perhaps, those of North America, Great Britain, and to a less degree of Western Continental Europe, are facing several problems of curriculum, of teaching methods, of purpose and of aim. An American committee has been formed to examine the course of study in the United States and to recommend changes. This committee will be expected to find answers to such questions as these: What kind of doctors ought the medical school to turn out in response to the needs and demands of the public? What should graduates know and be able to do? How best can they be helped to master this knowledge and skill? How can they be given the right attitude toward their work?

Probably three-quarters of all doctors today are general practitioners, that is, physicians whose aim it is to recognize diseases, to deal with all the more common maladies by advice and treatment, and to know when to refer patients to specialists. This general practitioner is at present facing many difficulties. The specialist tends to monopolize prestige and to receive relatively much larger fees. Laboratory and hospital facilities which the modern doctor ought to have are expensive and often inaccessible. Sanitation and preventive medicine are restricting and even eliminating diseases like typhoid and malaria, which once afforded a good deal of practice. Free and pay clinics, school and industrial medical services, health insurance (under government auspices in Germany and England), hospital associations and all efforts to spread costs of sickness over large population groups, and other forms of social medicine tend to encroach upon what was once the exclusive field of the general practitioner. There are people who assert that this type of physician is doomed; that he will disappear because he cannot compete with the specialist on the one hand and with preventive and social medicine on the other.

Such an outcome is to be viewed with concern. The well-trained, properly equipped, experienced general practitioner of ability, character, and personality is a fundamentally valuable person. He is a good diagnostician. He sees his patient as a whole. He knows his peculiarities and circumstances. He can decide when to refer him to a specialist and when to protect him against the very real danger which is threatened by a narrowly specialist point of view. He cheers and encourages, warns and commands. He is not only a physician but a friend and counsellor. The disappearance of the general practitioner would be a serious loss. The stimulating

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RURAL ELECTRIC POWER

II. WATER POWER

There are four sources of electric power which may be made available

for service in rural districts. These are

(1) power generated locally by falling

water, (2) power generated locally by

steam, (3) power generated locally by

internal combustion engines, and (4)

power generated at a distance by a

large power company, transmitted to

the rural district, and purchased from

the company by rural consumers. No

one of these sources is best for all lo-

calities.

In determining what source of elec-

tricity shall be used, cost of power and

reliability of service are the chief fac-

tors to be considered. The advantages

and disadvantages of the four sources

of power will be considered in this series

of articles largely from these two stand-

points. This and the succeeding article

deal with local water power.

In generating power by falling water

the two principal elements to be con-

sidered are (1) amount of water avail-

able, and (2) the distance through which

the water can be made to fall. The

power which can be produced by falling

water may be estimated by multiplying

the number of cubic feet of water flow-

ing each second by the number of feet

the water can be made to fall and di-

viding the product by eleven. The re-

result is the horsepower that can be de-

veloped assuming eighty percent effi-

ciency of the plant. This may be ex-

pressed as a simple formula thus:

$$\frac{Qh}{11} = H.P. \quad \text{or} \quad \frac{Gh}{82} = H.P.$$

Where Q = No. of cubic feet of water

flowing each second.

$$G = \text{No. of gallons of water flow-}$$

ing each second.

$$h = \text{No. of feet through which}$$

water can be made to fall.

Thus if it is found that there are 100

cubic feet of water per second flowing

in a stream (equivalent to 745 gallons

per second) and the water can be made

to fall 22 feet, then there can be pro-

$$\frac{100 \times 22}{11} = 200 \text{ horsepower. Sim-}$$

ple methods for measuring the amount

of water flowing and the fall are de-

scribed in detail in Farmers' Bulletin

No. 1430, entitled Power for the Farm

from Small Streams, which can be ob-

tained free by writing to U. S. Depart-

ment of Agriculture, Washington, D. C.

It can be seen from the formula

that if we have a high fall we

don't need as much water to develop a

given amount of power as if the fall is

low. Conversely, if we have plenty of

water, we won't need to have so high

a fall.

There are three kinds of machinery

installations which we may use in de-

veloping small water powers. The steel

overshot water wheel is the simplest.

These wheels are very efficient and sat-