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NEWS LETTER

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Editorial Board: E. C. Branson, S. H. Hobbs, Jr., L. R. Wilson, E. W. Knight, D. D. Carroll, J. B. Bullitt, H. W. Odum.

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KNOW NORTH CAROLINA

THE NEW INDUSTRIAL REVOLUTION

[We are reprinting in this and the next two issues of the News Letter an article on North Carolina and the New Industrial Revolution, by C. R. Fay, eminent English economist, which recently appeared in the Economic Journal of the Royal Economic Society, London. North Carolina is attracting the attention not only of other states but of foreign countries as well.—S. H. H., Jr., Editor.]

"Such has hitherto been the rapid progress of that country in wealth, population and improvement, that in the course of little more than a century, perhaps, the produce of American might exceed that of British taxation. The seat of the empire would then naturally remove itself to that part of the empire which contributed most to the general defence and support of the whole."—Adam Smith, Wealth of Nations, IV, 7, Pt. 3.

1. A citizen of North Carolina, that "Old North State" of some 50,000 sq. miles (nearly the size of England and Wales), with a population of two and a half millions, slightly more than two-thirds white and less than one percent foreign-born or of foreign-born parents, apparently can say with truth all these things:—

"My house, or rather the house in which I live, is made of wood which quite probably was cut from the mountain forests of my state. It is lighted with the cheapest electricity in the U. S. A. My furniture was made at High Point, N. C., a furniture town second only in its output to Grand Rapids (Mich.), and rejoicing in a Furniture Exposition Building with six acres of floor space. My kitchen utensils were made at Badin, N. C., on the river Yadkin, the second largest Aluminum plant in the world. My towels come from Kannapolis, N. C., the world's largest towel mills; my table-covers from Roanoke Rapids, N. C., the largest damask mills in the U. S. A. My state produces more cotton goods than any other except Massachusetts: \$62 millions in 1912, \$229 millions in 1922. The stockings which I and my family wear were knitted at Durham, N. C., the hosiery centre of this continent. It is the fault or vagary of our distributive system if I eat any but native-grown foods—grapefruit and bananas excepted. For my state, which some years ago was twenty-second in the list, is now fourth in agricultural production, following Texas, Illinois, and Iowa. North Carolina has corn, wheat, sorghum, peaches and apples more than sufficient for its own people. Its raw cotton rose in value from \$63 millions in 1921 to \$104 millions in 1922; its tobacco from \$65 millions to \$93 millions. The boll-weevil has hardly touched us yet, and we are ready for him, if he should come, with South-gotten calcium arsenate. Our largest town, Winston-Salem, the home of 'Camel' cigarettes and 'Prince Albert' smoking tobacco, is the largest tobacco market and the largest centre of tobacco manufacture in the world. In North Carolina we smoke and we work; and after a ten-minute lunch in a cafeteria or on occasion a half-hour a la carte meal at the Sir Walter, the O. Henry, or the Robert E. Lee, we jump into a high-powered Studebaker jitney (with competing half-hourly services all day long from everywhere to everywhere else), and at an average speed of forty miles an hour we sample our state highways, of which 2000 miles (mostly paved) have been completed and as many more are in hand. In our villages there are as many public houses as in those of the Old World, but the signs are different. Instead of King Williams, Burton Arms, Threfalls, and Cains, we have filling stations brightly blazoned with Texaco, 'That Good Gulf Gasoline', and Standard Oil. Alcohol (they tell us) is the sheet-anchor of British finance. In North Carolina spirit is consumed in the tank of an auto in preference to the human stomach, and the proceeds of the tax go to the state and not to Washington. With 3 cents a gallon on gasoline we pay interest and amortisation on our \$77 millions of highway bonds, and our road experts aver that 'improved roads so lessen the consumption of gas per mile and the wear and tear on car and tires that the auto-owner actually makes money by paying a tax on gasoline in order to get good

roads."—(The South's Development, Manufacturers Record, 1924, p. 282.) "However, not all the taxes go to the state. Though we have only two and a half millions population and no large cities, we are fifth in the list for amount of federal taxation. The tobacco tax revenue from North Carolina in 1922 was \$136 millions. But come and live here! For we grow and manufacture the tobacco, while the consumer pays the tax. House rents are only half of those in the North, and a little coal for a short three months is all that is needed for warmth. If you cannot live here, come and see us. Drive one of those tourist cars of which one per minute passed down the Shenandoah Valley in the fall of 1924, there observing (we hope) certain spots which recall the memory of Stonewall Jackson."

2. North Carolina is much wider than it is long and it has three well-defined regions: the Coastal Plain, the rolling Piedmont (the state capital Raleigh being on the border-line between the two) and the hill district of the Southern Appalachians. The Blue Ridge Mountains separate the most westerly counties of the state from the Piedmont, which, because it lies at the feet of these mountains, is so named. The Piedmont region follows the line of the Blue Ridge into South Carolina and has upon its whole area 73 percent of the manufacturing enterprises of the two Carolinas. In North Carolina itself the industrial belt has the configuration of a broad-handled reap-hook with the handle resting on Gaston county and the tip of the blade touching Raleigh. Along the handle from Shelby W. through Gastonia to Charlotte E. there is an unbroken factory district resembling S.E. Lancashire. Gaston county alone has 100 cotton factories. Further north, on the outer edge of the blade, the cities of Winston-Salem, High Point and Greensboro form an industrial triangle, within a seventy-mile radius of which live one million out of the two and a half million people of North Carolina. Greensboro is the insurance center of the Carolinas, having in the Jefferson Standard Life Insurance Company the largest life insurance company in the South. Situated on the main line of the Southern Railway, for which it is building a \$1,300,000 Railway Depot (Station), and lying nearer to New York than any other important city in North Carolina, Greensboro claims to be the "logical location" for a branch of the Federal Reserve Bank.

The orientation of North Carolina's commerce is the reverse of that which prevailed in the days before the Civil War. Today it is North and South, then it was East and West. Railways were built in the states along the Atlantic seaboard within a year or two of the first railways in Lancashire, and in order to handle the same commodity—cotton. They were pushed inland from the Atlantic ports—from Wilmington, N. C., Charleston, S. C., and Savannah, Georgia, following the lie of the land in a northwesterly direction. Their purpose was to do what the rivers did less well, to bring down the cotton and tobacco to the coast. On their course they passed through a stretch of unprofitable barrens, and that was one reason why the state built the North Carolina Railroad from the coast to the mountains, and why it failed and was subsequently split up. Another and major reason was, that New York, with its more central position and happier political fortunes, was able to focus upon itself the traffic in people and goods to and from the West. Thus Wilmington and Charleston suffered as ports more heavily even than Boston and Portland (Maine). Moreover, the navigation along the coast of North Carolina from Norfolk to Cape Fear is in many places difficult owing to the river deltas, sand bars and narrow inlets. But the development of trade with the West Indies and South America (the Panama Canal having opened to the Atlantic seaboard both coasts of South America) is promoting a new orientation of ocean traffic. The leading Gulf ports have enjoyed in the last ten years phenomenal increases in traffic, Galveston a tenfold increase: partly because of this new orientation, and partly because the Mississippi states back of them are the main source

BANKS PROSPERING

For long decades North Carolina ranked near the bottom as a banking state. Even today our aggregate bank capital, resources, loans and discounts and so on are not as large as one would expect them to be, our high rank as a producer of wealth considered. However, few states are making more progress in the field of banking than North Carolina. At the rate we are developing it will not be long until we will compare favorably with other states in bank resources. The following basic facts are significant.

In 1917 the bank resources of the state totaled \$213,204,000. In 1924 they amounted to \$459,417,000.

In 1917 loans and discounts totaled \$136,727,000. In 1924 they amounted to \$331,689,000.

Bank capital increased during the seven years from \$20,873,000 to \$37,274,000 while surplus and undivided profits increased from \$14,800,000 to \$29,882,000.

In every particular North Carolina is developing more rapidly in the field of banking than the average state. Which is the best indication we know of that North Carolina is rapidly accumulating wealth, far more rapidly than the average state in the Union.

of Europe's cotton today. The North Carolina Ship and Water Transportation Commission in 1924 reported strongly in favor of a public port for North Carolina. Southport by Cape Fear appears to be the most promising site. Whether Southport, N. C., or Charleston, S. C., is the terminal point is mainly a matter of particular state advantage, but a great port for ocean traffic somewhere along the coast should carry with it as its complement a new artery of transportation through the mountains into the southern part of the middle west. The state highways have opened the mountains to passenger traffic. East-west railroads exist, but the railroad system requires reorganization before North Carolina and its sister state can valorize their continental hinterland. Just as the ports of Liverpool and Hull called into being the railway system across Lancashire and the West Riding of Yorkshire—the centre of the English cotton and woollen manufactures—so Southport, N. C., or Charleston, S. C., by their offers of new ocean traffic should shortly call into being a new trunk railway system from East to West, south of the Mason-Dixon line.—(To be continued.)

CORRESPONDENCE COURSES

One thousand four hundred and eighty-two students made 2,309 correspondence course registrations with the University of North Carolina Extension Division during the year ending October 31, according to figures given out by Chester D. Snell, director of the Division. Ninety-four different courses were offered and 52 instructors in the University corrected 34,204 lesson assignments. As to course completions, an average of one course was completed during the year by each student registered, while many more will complete their work early this year. Many students completed from two to four courses. With an average of 64.2 percent on completions this is thought to be a record in this country, for the best previous report has been 55 percent made by the University of Chicago.

The ages of those taking correspondence courses with the University range from 17 to 67 years. The leading occupation represented among the students is that of school teaching. Other occupations are listed as follows: Ministers, farmers, house-keepers, office workers, book-keepers, musicians, stenographers, salesmen, bacteriologists, clerks, supervisors, principals and superintendents of schools, insurance agents, realtors, telephone operators, printers, manufacturers, post-office clerks, statisticians, civil engineers, and chautauqua managers. Some are working for credit toward teachers' certificates, some for credit toward Bachelors' degrees, and some do not apply for credit. Practically every county in North Carolina is represented and a number of students from other states are enrolled.

RURAL ELECTRIC POWER

XVI. AN EXPERIMENTAL LINE IN NORTH CAROLINA

In the News Letter of November 18 appeared an article dealing with the organized efforts of 16 states to grapple with the peculiar problem of rural electricity from all its angles. The usual method is for experts from some state college to join with an electric power company in operating an experimental line for scientific study of the problem. In this way the reasons which have, up to this time, made electric power less available to the farming population than to city dwellers and industrial plants may be located and conditions corrected. Two Southern states, Alabama and Virginia, have set up such experimental lines and have made progress in laying the foundations of knowledge upon which future rural electrification may be built. North Carolina has no such experimental line. Perhaps it is not needed if there is some definite attempt to study the problem in another way, but is this the case?

Great Power Expansion

Recent developments in the power situation in North Carolina have been of great size and importance, but rural electrification has played a very minor part. In the first place a great power expansion is taking place in the eastern part of the state. Twenty thousand horse-power was recently added to the capacity of the Roanoke Rapids Power Company through a connection with the Virginia Railway and Power Company. Even greater developments are in prospect. All this, of course, means an industrial awakening in the Tidewater section. As one newspaper in eastern North Carolina, the Commonwealth, puts it: "People may have speculated and wondered why it was that the great cotton manufacturing plants as a rule became established in central rather than in eastern North Carolina, in the heart of the cotton belt. The answer is simple enough. Central and western North Carolina furnished cheap electric power while eastern North Carolina did not." And the Secretary of the Eastern North Carolina Chamber of Commerce goes on to add: "There we have it, electric power the great business go-getter." This is one conception of electric power, and a reasonable

one too, but it throws into the background the tremendous possibilities of electricity as a means to making farm life more productive and more comfortable.

Lines Consolidating

Then turn to the Piedmont section. Here power developments have already grown into a huge system of lines which forms the basis of the industrial prosperity of the state. It has reached the point where the new developments usually take the form of consolidation of existing lines. The Carolina Power and Light Company has recently merged with the National Power and Light Company which also has large holdings in Tennessee and Alabama. Over 90 percent of the horsepower in the state available for general and industrial use is controlled by two corporations, according to the figures of the State Department of Conservation and Development. In this period of electric consolidation, only a very little attention is paid to the farmer's need for electricity. An electrically lighted rural highway between Greensboro and High Point is now in prospect, but the farmers would not necessarily be enabled to use the "juice" for actual production on the farm premises. One of the large electric companies in the Piedmont section states that it hasn't a single line that could accurately be called "rural." The position is taken that rural lines frequently don't pay and shouldn't be installed until they do pay their way. This is quite reasonable, but the answer is that through further study and the development of increased uses of electricity on the farm, the lines might be made to pay.

In the mountain section, great power projects are being planned which will link up western North Carolina with Tennessee in a large hydro-electric power system. Here is an opportunity, before the developments are completed, to plan out the role that farm electrification will play in the finished scheme. More light on the problems of rural electricity is needed in North Carolina, whether it be by the method of experimental lines or some other method.—A. T. Cutler.

HELPING YOUNG WOMEN

Having as their aim the promotion of education for girls who plan to enter the business world, the North Carolina Federation of Business and Professional Women's Clubs last year established a loan fund, from which high-school girl graduates who desire to take further training for business or professions may secure loans.

The loan fund was launched by the Greensboro club which contributed one hundred dollars, in case the plan should be endorsed by the state federation. The plan was enthusiastically received at the state convention, and the various clubs subscribed a total of eight hundred dollars. The fund is known as the Elsie G. Riddick State Loan Fund, in honor of Miss Riddick, who for the last four years has been president of the state federation. One girl is now securing her college education by the aid of a loan from this fund, and it is hoped that at an early date many girls will be able to secure loans from this fund. Miss Elsie G. Riddick, Raleigh, is chairman of the loan fund.

FARMERS MUST COOPERATE

The farmer is an individualist. Physical environment and tradition tend to keep him so. In the matter of production he will likely remain an individualist, to a marked degree at least. But in the matter of marketing his products he must necessarily, and I believe he will, accept speedily the great lesson of the time—cooperation.

As a producer he will not likely succeed to any great extent in a cooperative movement—and it is not essential to his prosperity and success that he do so. But when it comes to disposing of his crops he must accept in the fullest and most practical way the principle of cooperative marketing. If he does not do so he will continue to be the over-worked and under-paid victim in the economic life of our country.—Senator William E. Borah.

NEW CREDIT FACILITIES

The North Carolina Agricultural Credit Corporation, organized in 1924, has had a successful experience in making short-term crop loans to farmers at low interest rates. The organization is not cooperative, but its stock is owned by individuals and banks interested in reducing the interest burden to farmers and in making short-term credit available in sufficient amounts to farmers who really need it. In the year 1924 the corporation loaned \$1,000,000 at 6½ percent per annum for production credit to the members of cooperative associations of cotton and tobacco growers in the state. Loans are made on crop mortgages to "solvent" farmers. "Insolvent" farmers may receive money on endorsement by solvent neighbors. During 1925, \$2,000,000 has been loaned for terms of from six to nine months at 6½ percent.

The total authorized capital of the corporation is \$2,000,000, and it may secure \$10 for every \$1 of capital stock from the Intermediate Credit Banks of the federal government, established by the special credits legislation of the spring of 1923. The corporation is independent of the cooperatives but has thus far served only "co-op" members. Opinion is developing that the resources of the corporation should be made available to non-members throughout the state.

A SUPREME CONCERN

Public education is now, as it always has been, of supreme national and state concern. Our future safety and welfare depend upon the effective maintenance and operation of our public schools. The privilege of free instruction in schools maintained and supported under state authority is the constitutional birthright of every child in the nation. The schools must therefore be continued with an increasing degree of efficiency, so that all the children may receive instruction which will fit them for the responsibilities of citizenship and adapt them to the vocations which they propose to adopt.—Alfred E. Smith.