

Editorial Board: E. C. Branson, S. H. Hobbs, Jr., L. R. Wilson, E. W. Knight, D. D. Carroll, J. B. Bullitt, H. W. Odum. Entered as second-class matter November 14, 1914, at the Postoffice at Chapel Hill, N. C., under the act of August 24, 1912.

FEW FARMERS PAY INCOME TAXES

SIXTY-FIVE FARMERS!

The recent report of the Federal Treasury Department, Statistics of Income, carries some interesting tables relative to the number of farmers and individuals operating farms who filed farm income tax schedules for the calendar year 1923. According to the treasury analysis only sixty-five farm schedules were filed by individuals for the whole state of North Carolina. This does not include the schedule filed by agricultural corporations, of which there are only a few in the state.

This seems to us to be one of the most significant bits of information released in some time. Of the two hundred and eighty-three thousand farmers in the state only sixty-five filed an income tax schedule. Of these sixty-five, only forty-six reported net profit; the other nineteen reported net loss from farming for the year. We do not know how many of the forty-six there were who actually paid a tax, that is, whose profits were within the taxable brackets. Possibly not half of them.

The table which appears elsewhere ranks the states according to the number of farm schedules per ten thousand farms filed by individuals. It will be seen from the table that North Carolina ranks last of all the states, with an average of less than three farmers out of every ten thousand filing a federal farm-income tax schedule for the year 1923, which as we recall was not such a bad year for our farmers.

California Leads

In California out of every ten thousand farmers, eight hundred and ten individuals filed farm income tax schedules, or about three hundred times the rate for North Carolina.

For the United States an average of almost exactly one hundred and nine individuals per ten thousand farmers filed farm income tax schedules, or an average of thirty-one times the rate for North Carolina.

North Carolina ranks second in number of farms, but she ranks next to last in the number of individuals who file farm income tax schedules. Only Rhode Island filed fewer, her total being forty.

One out of a Thousand

For the calendar year 1924, approximately sixty-four thousand individuals in North Carolina filed federal income tax schedules, and the number ranges from sixty-four to seventy thousand each year. It is an interesting fact that upon an average only one out of every one thousand income tax schedules filed in the state is filed by a farmer. The farmers comprise sixty percent of our total population but only one-tenth of one percent of the federal income taxpayers are farmers. It takes nearly two counties to supply one farmer who files such an income tax schedule, and it requires more than two counties upon an average to supply one farmer who reports profit from farming operations!

It seems to us that two conclusions are pertinent. First, that the income tax does not hit all classes alike. The salaried man pays on his gross income; the corporation, the farmer, and others on their net profits. The operation of the income tax, the fairest of all taxes when equitably administered, is manifestly unfair to certain classes. It reaches almost no farmers, and it is inconceivable that there were only forty-six farmers in the state who made profit from farming in 1923. The salaried man may be unable to make ends meet, but he must pay on his gross income.

Second, that the burden of supporting the state government falls almost entirely on the city people, since about the same people who file federal income tax schedules file state schedules. The franchise, inheritance, and business taxes are borne almost entirely by urban people. There are not more than two or three dozen farmers in the state who contribute to the general fund of the state treasury. They pay automobile license and gas taxes for the support of highways but contribute almost nothing to the general fund of fifteen million dollars or so required to run the state government. We do not claim that they ought to pay income taxes or bear a part of the burden of supporting the state government. But it is a fact that our state government is supported by our urban and industrial taxpayers—fewer than fifty

thousand all told out of a population of nearly three millions.

It is an interesting fact that the state that takes such high rank as a crop state; that leads the world in tobacco; that takes high rank in cotton; that ranks second only to Texas in the number of farms, should have only sixty-five farm schedules filed by individual farmers. Three farm schedules per ten thousand farms looks bad for a great agricultural state.—S. H. H., Jr.

LANDLESSNESS AND CRIME

The ownership of land tethers a man to law and order better than all the laws on the statute books. It breeds in him a sense of personal worth and family pride. It identifies him with the community he lives in and gives him a proprietary interest in the church, the school, and other organizations and enterprises of his home town or home community. It enables him to hold his family together, makes him a better father, a better neighbor, and a better citizen, mainly because it makes him a stable, responsible member of society. Landless men, white or black, in town or country areas, tend to be restless, roving and irresponsible; and the restless, roving, irresponsible multitudes of America are a fundamental menace to society.

These are some of the things we had in mind the other day as we journeyed into a mid-state county of North Carolina to study the criminal dockets of the two court sessions of the last twelve months—a county quite unconsciously described by Sidney Lanier years ago, a county whose people 'lie wholly off, out of the stream of thought, and whirl the poor dead leaves of recollection round and round, in a piteous eddy that has all the wear and tear of motion without any of the rewards of progress.' There are such static or stagnant social areas in every state, an appalling number of them in the rural South.

Crimes of the Landless

Of eighty criminals convicted in Chatham, the county we studied, sixty-six were tenants, owning not an inch of the soil they cultivated or a single shingle in the roof over their heads. The tenants are nearly exactly one-third of the population, but they committed more than four-fifths of all the crimes. All the assaults with deadly weapons were committed by tenants, all the second-degree murders, all the illegal disposals of mortgaged property, all the crimes of false pretense, all the injuries to property, all the fornication and adultery, all the prostitution, all the cruelty to animals, all the moonshining, all the reckless driving of cars. The tenants furnished three-fourths of the convictions for larceny and illegal receiving, four-fifths of the convictions for operating cars while intoxicated, four-fifths of the abandonment, and four-fifths of the bootlegging. There were only two crimes in which landowners or members of landowning families outnumbered the crimes committed by tenants, namely, house-breaking and gambling, and in these crimes they fell below their ratios of population. In all the other twenty-one types of crime in the records, the tenants ran far beyond their population quotas. This county, like many another such county, is paying an excessive penalty for harboring a landless, roving, irresponsible population.

To be sure, this mid-state county is remote and rural, quite of a sort with forty-one other counties of North Carolina, and the chances are that the studies the University is now making will show something like the same excess of crimes committed by landless, homeless people the state and the South over.

For instance, the landless are 40 percent of the population in Orange county, N. C., but 76 percent of the crime in 1925-26 was committed by cropper farmers and tenants, town and country. In Wilson county, N. C., the same year, the landless are almost exactly 80 percent of the population, but they committed 96 percent of the crime. In Crenshaw county, Ala., during the last twelve months, the tenants and croppers committed 85 percent of the crimes although they were only 45 percent of the population. And I may add by the way, that crime in all these counties is just as certainly related to home ownership as to race. Among the 456 landowning negroes in Chatham county only two broke into the court

KNOW YOUR STATE

One of the practical functions of every school is, or should be, to familiarize young minds with their surroundings. Life if lived in the abstract would be dull and profitless indeed. A study of economics becomes valuable largely as it resolves itself into terms of bushels, pounds, dollars, cents, taxes, roads, utilities, and a multitude of other elements affecting our daily lives. Education should breed good citizenship. And good citizenship requires a readiness to meet conditions as they are.

But do not mistake: By practical education is not implied a sordid outlook. One's beloved State is not to be translated into a rattle of coins. Rather, the correct version is in the language of Opportunity. Opportunity for service. Opportunity is seen in undeveloped natural resources, in an opening for a new industry, in the niches waiting for intelligent workers to fill.—Holland's Magazine.

records of crime. There are 191 landowning negroes in Crenshaw county, Alabama, but only two of them were guilty of crimes during the twelve months ending September 1. In Wilson county, N. C., there are 720 landowning negroes, but not one of them was haled into court and convicted in the year 1925-26. A home-owning negro is more than apt to be a decent, law-abiding citizen.

A City Problem

But landlessness is not merely a country problem. In the cities of America the ratios of tenancy are appalling. In towns of ten thousand inhabitants or more in North Carolina from two-thirds to three-fourths of all the people live in rented homes and they are forever moving from house to house, from city to city, under the pinch of necessity or the lure of opportunity, from year to year.

Instable citizenship everywhere is fundamentally related to crime of all types and degrees. Perhaps no other country of the world is so threatened by restless, roving, instable citizenship as America. The more populous and prosperous an area becomes the fewer are the people who live in homes of their own. It is a penalty we pay for what we are pleased to call progress. And it is the cruelest paradox of Christendom. Eighty-nine percent of all the people in greater New York live in rented homes—in the tenements, apartment houses, and family hotels of a cliff-dwelling civilization. Sooner or later America will have to reckon with her landless, homeless multitudes. Our landless are already more than half the people of North Carolina and the Nation—more than one and a half million people in this state and more than fifty million people in the United States.

Civilization is rooted and grounded in the home-owning, home-loving, home-defending instincts. Herein lies the essential social significance of land-ownership.

Landlessness is one of the main causes or correlatives of crime, and it is too little considered either in our cities or in our country regions.—E. C. Branson, printed in part in Dec. World's Work.

RATE "C," BUT FLOURISHING

"Despite lack of effective supervision, building and loan associations have flourished," is the comment of the Magazine of Wall Street on North Carolina associations in a review of building and loan investments by states, in which North Carolina is given a rating of C, which means "inherent dangers in the weaker associations."

Twenty of the 48 states classified are given a rating of A—high degree of safety, seven are given a rating of B—reasonable degree of safety, eight are rated C—inherent dangers in the weaker associations, seven are rated D—investor must scrutinize each association for individual practice, and E—legal situation such that commitments ought not to be made by outsider.

North Carolina ranks 17th in assets held by associations, according to the article which is written by William Stephen Marlowe. Tabulated statistics dealing with North Carolina associations are given as follows:

"North Carolina—Supervision of insurance commissioner. Examinations every three years. Reports annual; uniform accounts prescribed. By-laws not controlled. Directors not liable specifically. No provisions for bonding officers, apparently. Fees permitted, fines not limited. Silent on dues for-

feiture. Loans restricted to members; no straight loans. Expenses not limited; no reserve requirements. Interest rate six percent; associations subject to usury laws. Borrowing limit 30 percent of dues. May be adapted for farmer's needs. First mortgage real estate only. Despite lack of effective supervision, associations have flourished. (C)"

Speaking of the tremendous growth which the organizations have made during the last few decades, despite the fact that they are operated under 48 separate sets of laws, which are in some instances widely separated, the article has the following to say about the scope of the associations:

"Organized in 1831 in a suburb of Philadelphia, building and loan associations have flourished in this country as in no other. Since 1913 though, they have gained at an unparalleled rate. There are at present about 12,000 associations, with a membership close to nine millions, with total assets at about five billions. In 1913 there were only 6,000 associations with two and one-half million members and with assets of only one and one-tenth billions. Obviously the number of members per association is greater, as are the assets per member. Hence greater stability has been introduced and the building and loan association movement has lost all traces of amateur development.

"The movement is not, however, equally distributed over the entire country. Five states, Pennsylvania, Ohio, New Jersey, Massachusetts, and Illinois have considerably more than half the building and loan assets of the nation. Eleven states have three-quarters of the nation's assets. Twenty-seven states between them have only one-tenth of the assets of the country. From these figures it is apparent that not only have the building and loan associations had great scope, but that their concentration indicates that there is great room for further growth. For example, were the entire United States as saturated with these associations as is New Jersey, national assets instead of reaching five billions would be about 17 billions.

"Apart from the investment angle, it is assumed that about 400,000 houses are built or purchased each year through the medium of loans made by the associations. Since mortgage loans may exceed one and one-half billions per annum, it follows that the building industry in this country is tied up with the progressive policy of these associations. Undoubtedly those who feel that most homes in the more populous states are financed in this manner are not far from the truth. In fact, an estimate of two-thirds might not be excessive.

"The future growth of the United States is unthinkable without the great work done by these cooperative agencies."—News and Observer.

SHORT BALLOT ORTHODOXY

The North Carolina Club of the University of North Carolina is engaged this year on "Problems for Democracy in North Carolina," and at its fifth fortnightly meeting lately heard a paper by Alvin S. Katus, of Asheville, student, who had written that "The short ballot is the people's ballot—the long ballot is the politicians' ballot." Owing to the large number of petty offices to be filled by men with whom the voter may not even be acquainted, it is impossible for the voter to cast his ballot intelligently. The average voter not only may not be acquainted with these aspirants, he is not. He could not be, and attend to his own personal business. The situation "leads to voting the straight ticket." So it does, but short-ballot voting is not necessarily mugwump voting, nor is the shortening of the ballot necessarily accompanied by a tendency to non-partisan voting. In our part of the country the non-partisan voter, the voter who does not hesitate to cross party lines, is a negligible quantity. Most of the politics is in the primary; in some of the states it is all in the primary; and yet the principles of the short ballot are just as applicable in North Carolina, in South Carolina, in Georgia, as elsewhere. But the long ballot anywhere and under all circumstances plays into the hands of the machine, if the figure is permitted.

It does that, Mr. Katus said, because "the voter never knows for whom he is voting for the inconspicuous office but contents himself with casting his vote for the party's candidate"—or the candidate of the controlling group, it might be added (in a primary). Misrepresentative government, the Club was told, is the result. The remedy "lies in the shortening of the ballot to a point where the average man can and will vote intelligently, and in making most of the minor offices appointive instead of elective. If we are to have good government, if we are to have representative government"—the two are not necessarily the same—"we must have government that fits in with the mood and habits of the people. The people have refused to give cognizance to the minor offices"—the people cannot give it; it is a practical impossibility—"which has led to general inertia and misrepresentative government.

If it is democracy we want, we must ascertain how much civic work the people are willing to do, and plan our government accordingly. The only way we will have government by the people in reality is to simplify government sufficiently for the average voter to maneuver it intelligently" (and conveniently).

All of which is short-ballot orthodoxy—and has, at a guess, been taught at the University of North Carolina for more than a decade. It is an idea that does not make much headway in North Carolina; and if you search for the reason you are likely to conclude that it is that those who work at government do not wish government by the people. Some of them do not believe it would be good government, and some of them do not care about that. The state must have in it a lot of robust democrats, men and women of good lungs and other attributes of leadership who do burn within for the government to fit in with "the mood and habits of the people"; but they do not seem to get much concert of action on fundamentals.—Greensboro Daily News.

FARM INCOME SCHEDULES FILED BY INDIVIDUALS

Rate per 10,000 farms for the year 1923

In the following table based on Statistics of Income, Federal Treasury Department, the states are ranked according to the number of farm income schedules per 10,000 farms, filed by individuals for the calendar year 1923. The parallel column gives the number of farm income tax schedules filed by individuals for each state.

For North Carolina only 65 individuals filed farm income tax schedules, of whom 46 reported net profit from farming, and 19 reported net loss. The number reporting taxable incomes is not reported, nor is the income tax paid by farmers reported.

In California the farm income tax schedules filed by individuals averaged 810 per 10,000 farms. The rate for the United States was 109.3 farm schedules reported per 10,000 farms, or about 31 times the rate for North Carolina.

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Rank	State	Number farm returns	Rate per 10,000 farms	Rank	State	Number farm returns	Rate per 10,000 farms
1	California	11,044	810.0	25	Pennsylvania	1,524	76.2
2	Nevada	252	646.5	26	Wyoming	116	75.0
3	Iowa	12,881	604.0	27	Minnesota	1,282	68.2
4	Nebraska	5,048	395.5	28	Ohio	1,588	65.0
5	Kansas	6,067	366.0	29	New Mexico	201	63.4
6	Arizona	362	335.0	30	New Hampshire	91	48.0
7	Colorado	1,788	308.0	31	Utah	106	40.8
8	South Dakota	2,008	252.0	32	Louisiana	492	37.1
9	Connecticut	553	238.3	33	Michigan	611	31.8
10	Washington	1,542	210.3	34	Kentucky	770	29.8
11	Oregon	1,165	208.4	35	Florida	172	29.5
12	Delaware	213	207.0	36	Maine	133	26.6
13	Illinois	4,304	190.1	37	Virginia	433	22.8
14	New Jersey	551	185.4	38	Oklahoma	436	22.1
15	Montana	320	175.0	39	Tennessee	378	15.0
16	Idaho	677	165.5	40	Texas	682	14.7
17	North Dakota	1,180	148.6	41	West Virginia	106	11.7
18	New York	2,686	142.3	42	Missouri	237	9.1
19	Wisconsin	2,718	140.7	43	South Carolina	137	7.9
20	Massachusetts	457	136.4	44	Georgia	169	6.8
21	Indiana	2,346	120.0	45	Alabama	157	6.5
22	Rhode Island	40	120.0	46	Mississippi	148	5.8
23	Maryland	466	95.1	47	Arkansas	90	4.0
24	Vermont	230	82.7	48	North Carolina	65	2.9