

The news in this publication is released for the press on receipt.

THE UNIVERSITY OF NORTH CAROLINA NEWS LETTER

Published Weekly by the University of North Carolina for the University Extension Division.

JANUARY 12, 1927

CHAPEL HILL, N. C.
THE UNIVERSITY OF NORTH CAROLINA PRESS

VOL. XIII, No. 9

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.

FEDERAL INCOME TAX PAYERS

FEDERAL INCOME TAXPAYER

Only two and one-third percent of the people of North Carolina filed federal income tax returns for the year ending December 31, 1924, according to Statistics of Income, Treasury Department, just off the press. Out of a population of more than two million seven hundred thousand, fewer than sixty-four thousand individuals filed federal income tax returns. This does not include the six thousand-odd returns filed by corporations.

There are forty-two states that rank ahead of North Carolina on the basis of the percent of the population filing individual federal income tax returns. Five Southern states rank below North Carolina, namely, Georgia, Alabama, Arkansas, South Carolina, and Mississippi. Fewer than twenty-nine thousand of the approximately sixty-four thousand persons filing individual returns actually paid a tax. More than thirty-five thousand persons filing individual federal income returns paid no tax, being exempted because of deduction, allowances and so on under the law.

The above means, therefore, that while two and a third percent of our inhabitants file income returns, only one person out of every hundred actually pays a federal income tax. Or to put it another way, approximately one family out of every twenty-two pays a federal income tax. Approximately the same individuals who file federal income tax returns file state income tax returns, and approximately the same individuals actually pay a tax, except that state employees pay no federal income tax, and federal employees pay no state income tax.

Although only a small percent of our population files federal income returns, or pays a federal income tax, it is interesting to note that in average net income per return filed North Carolina ranks fairly well, coming twenty-fourth. In average tax paid per individual return filed we rank even higher, coming seventeenth. Which means that there are a few individuals in North Carolina who pay very large income taxes. The averages are raised considerably because of a few large income taxpayers.

North Carolina is a state of enormous productivity, characterized by small-scale enterprises, with only a few exceptionally large businesses. We have small cotton mills, small furniture factories, small oil mills, small towns, small stores, small banks, and small farms, widely distributed with respect to location and ownership. It is a healthy economic condition, but it is not conducive to payment of income taxes. The unit is too small to produce large incomes per unit, but it does not necessarily follow that small to moderate-sized businesses widely distributed with respect to location and ownership are not a splendid basis for widespread and general prosperity. A state that owns nearly a half-million motor cars must have a considerable income, even if it fails to rank high in the payment of income taxes. More than one hundred and fifty thousand farmers in North Carolina own automobiles, but only sixty-five farmers filed an income tax return in 1924. —S. H. H., Jr.

INDUSTRY'S RESPONSIBILITY

1. To the public: The test of the efficiency of any organization is measured not only by its service and the quality of its products but by its continual and progressive reduction in the prices of its products.

2. To employees: a. Nothing can take the place of adequate earnings for the working man. It isn't conditions of work, it isn't hours of work, it must be first and foremost adequate earnings. The only way to safeguard adequate earnings is to put power in back of the working man.

b. We have to remove some of the worries that have been attendant upon working men from time immemorial—first, the uncertainty of life. It is necessary to educate them and then to provide an easy means of insuring their lives.

c. To provide by putting the man in the position and educating him to the responsibilities and opportunities of becoming his own home owner.

d. To offer a means of thrift and investment where the principal is assured and the income is fair and uniform and certain.

e. To try to solve the problem of unemployment.

3. To shareholders: What shareholders want is a fair, regular, and uniform return, and what management wants is such a return to shareholders that when they need new capital, for the extension of their business or new tools of production, it will be forthcoming. Of course, incident to that, if you are going to expect the confidence of your shareholders, you must tell them of the activities of the company, and give adequate publicity in regard to its earnings, its orders and its shipments.

4. To itself: Large companies have opportunities and also responsibilities—of research, of seeking for better methods and new truths and new ways of doing things, and, of course, of educational work. Industry has more to fear from the unsuccessful than from the successful, from wrong policies, from ignorance of method, and from ignorance of the elements of cost.—Arranged from an address by Gerard Swope, in Commerce and Finance.

PRIMARY VS. CONVENTION

The North Carolina Club at its last meeting had the privilege of hearing Senator-elect J. M. Broughton of Raleigh discuss the relative merits of the convention system and the direct primary. In a very lucid and interesting way Mr. Broughton explained the machinery and procedure of the convention system, and incidentally how the politicians were able to manipulate, first the caucus and then the convention. He granted that the convention plan had certain merits, but thought that its evils seemed to outweigh its benefits. Among the evils which he enumerated were: (1) It limits participation. The caucus is often held in obscure places, at inconvenient hours, and without much advertising. Only a handful of men, rarely any women, attend. A state is prepared in advance; it is accepted by acclamation; and often the meeting is adjourned before the rank and file of the party members arrive. (2) At the convention the delegates, being hand-picked, are very amenable to boss control. (3) If delegations are not instructed for more than one or two offices they are willing to make trades with other delegations. (4) The system offers great temptations for corruption. (5) It is an extra-legal institution and subject to no statutory control.

The speaker then traced the development of the direct primary from its first advocacy by Governor LaFollette in Wisconsin, until today it exists in some form in every state. Its chief merits are: (1) It is democratic. It gives every member of the party a chance to express himself on the candidates, or to be a candidate himself if he wishes. (2) It is subject to public control. The law fixes the day and hour of the primary election, how the votes shall be counted, etc. (3) It enables the women to participate in the nomination of officers without suffering the indignities which attend the typical caucus.

Mr. Broughton conceded that the primary has its weaknesses. It prolongs the political campaign. It is, or may be, expensive to the candidate, though the huge "slush funds" we read about are exceptions. While certain candidates for the U. S. Senate spent huge sums in the last campaign, others spent very little. Senator Norris of Nebraska, for instance, spent only about \$500. The primary, like the convention, can be manipulated by the bosses, but not so easily.

While some states may overthrow the primary (New York has already done so for state offices) the speaker did not predict its overthrow in North Carolina. He said the people will be unwilling to abandon a victory that it took them so long to win. They will not relinquish the degree of public control that has been acquired. Finally, the women will resist a return to the old system.

In order to make the primary, and elections generally, more dignified there are other improvements which are needed in North Carolina, said Mr. Broughton: (1) a secret ballot—the Australian ballot or something similar, (2) a more stringent corrupt practices act, (3) a better and quicker procedure for investigating and dealing with election irregularities, (4) some approach

STATE EXPENDITURES

ALARM AND REGRET are expressed at Washington over the continued rise of state governmental expenditures. The White House points to the steady reduction of federal taxes, and deplores the failure of states and cities to imitate this example. Is this criticism just?

First, it should be observed that federal expenditures for normal functions of government have not declined. On the contrary, they have grown in the last five years. The reduction in federal taxes has come about through the cleaning up of war-time finances and extraordinary war-time expenses. Only a scandalous disregard of ordinary financial prudence could have prevented an inevitable reduction in federal taxes upon the resumption of peace. The states, on the other hand, had relatively few unusual expenses as a result of war. Most of them had practically none, beyond local aid to disabled veterans. But state expenditures naturally grow with the passing years, as population increases and life grows more complex. State expenditures ought to increase. Not all additions to local expenses are wise, but by and large they reflect the growth of prosperity and an intelligent widening of local interest in the welfare of the community. They spell better roads, better schools, better hospitals, better care of children and of the public health, more parks, more libraries, more museums of art.

Not size of expenditures, then—not even, necessarily, the relative tax rate year by year—but wisdom, is the true test. Thirty-one percent of the money spent by the states in 1925 went into permanent improvement, of which four-fifths were for better roads and waterways. This kind of expenditure ought to be encouraged.—World's Work, December, 1926.

to the short ballot, and (5) a more enlightened public sentiment.

The members of the club besieged the speaker with questions after he finished his address, and altogether the meeting was one of the liveliest and most enthusiastic of the season. Other problems of democracy are to be discussed in subsequent meetings.

FOR WOMEN OFFENDERS

Six hundred and sixty-six women were committed to jails in North Carolina in the year 1924, from twenty-one counties.

This gives an idea of the number of delinquent women for whom no corrective treatment is being given. In the jails they sit in idleness. They frequently lack the medical attention that practically all of them need. They are released to the community in no way better than they were when the law took them in hand. Neither the individual offender nor the community profits by our present methods of treating delinquent women.

The State Board of Charities and Public Welfare is charged by law with the duty of recommending to the Legislature, among other things, "the creation of necessary institutions," and the Board is recommending the establishment of a Farm Colony for Delinquent Women.

A bill authorizing the establishing of a farm colony to care eventually for four hundred women, will be offered the General Assembly of 1927.

The establishment of such an institution has been adopted by the Legislative Council of Women as one of the five measures which it is advocating. The North Carolina Conference for Social Service has approved and advanced such a proposition for several years.

The need for such an industrial institution has long been recognized. The women who are serving sentences in jails are costing large sums of money. The average amount spent per day on their food alone is 75c. If this were spent on keeping them in an institution where they could be made to work and to become at least partially self-supporting, where they were given adequate medical attention, and industrial and moral training, we might hope for good results.

A farm colony for women is the type

of institution which would make such conditions possible. Every effort would be made to make industry the dominant characteristic. It would be maintained not only to restrain and discipline, but also to train, rehabilitate and restore, to which end, industry contributes fundamentally.

It is clearly apparent that our methods of dealing with women who have been convicted of offenses against the law are inadequate.

Most of them are in county jails, poorly supervised workhouses, or county homes for the aged and infirm. They are surrounded by idleness, disease, low mentality, and everything that appeals to the worst in human nature. Some of them are turned loose on unsupervised suspended sentences, or conditional suspended sentences that are not merely futile but are positively vicious. One of these conditional sentences which is often pronounced is a term of so many days in jail unless the woman leaves town within a given time. By imposition of such sentences, Raleigh sends her women offenders, mostly prostitutes, to Durham, Durham to Greensboro, Greensboro to Charlotte, and so on till the vicious circle starts all over again.

Practically all the women serving sentences are under the supervision of men. It has been pretty generally recognized that women offenders should be separated from men and placed under the supervision of women. Only two jails that we know of employ

matrons to care for women prisoners.

One of the provisions for the farm colony for women would be that the superintendent should be a properly trained, well-educated and spiritual-minded woman.

Provisions have been made, in many ways, for the employment of the men serving sentences in North Carolina. The State should recognize equally the necessity of providing industrial employment for women. We cannot afford, from an economic and a social standpoint, to avoid the question any longer. North Carolina should do some constructive work with this class of offenders. The farm colony for women offenders should be made a reality by the General Assembly of 1927.—K. B. J., in Public Welfare Progress.

GOING TO THE DOGS

New York University announces that 18,000 of its students supported themselves in whole or in part last year. Their annual earnings totaled more than \$13,000,000 and averaged \$722. A good deal has been said in reply to the young man who wrote sensationally regarding moral delinquencies in our colleges, but nothing was so convincing, we believe, as these figures. Young men who care enough for education to work hard to get it are not likely to waste their opportunities for study; neither are they likely to have any great amount of time on their hands for immoralities. Observation leads us to believe that few things take so much of a man's time as going to the dogs.—Chicago Tribune.

INDIVIDUAL FEDERAL INCOME TAX PAYERS

For the Year Ending December 31, 1924.

In the following table based on Statistics of Income, Federal Treasury Department, the states are ranked according to the percent of the total population filing individual federal income tax returns, column 1, for the year ending December 31, 1924. Column 2 gives the average net income per return filed; column 3 the net income reported per inhabitant; column 4 the average income tax paid per return; and column 5 average income tax per inhabitant.

For North Carolina 63,864 individual federal tax returns were filed, of which 28,841 were taxable. The remaining 35,023 individuals filing income tax schedules paid no tax. Of our total population 2.35 percent filed federal income tax returns, and almost exactly one percent paid a tax. North Carolina ranks 43rd in percent of population filing federal income tax returns; 24th in average net income per return; 42nd in per inhabitant net income reported; 17th in average income tax paid per return filed; and 32nd in per inhabitant income tax.

For the United States 6.5 percent of the population filed individual income returns.

The study does not include returns filed by corporations.

S. H. Hobbs, Jr.

Department of Rural Social-Economics, University of North Carolina

Rank	State	(1) Percent of pop. filing returns	(2) Average net income per return	(3) Per inhab. net income reported	(4) Average income tax per return	(5) Per inhab. income tax
1	Nevada	13.78	\$2,583	\$355.71	\$17.29	\$2.38
2	California	13.06	3,408	444.92	74.10	9.68
3	New York	11.08	4,232	468.79	194.74	21.57
4	Wyoming	10.58	2,647	280.15	18.65	1.91
5	Connecticut	9.54	3,334	317.96	87.82	8.87
6	Illinois	9.49	3,699	350.93	102.04	9.68
7	Washington*	9.48	2,851	270.56	28.38	2.22
8	Massachusetts	9.27	3,492	323.76	108.07	10.02
9	New Jersey	8.71	3,926	342.00	106.50	9.28
10	Maryland	8.30	3,701	307.14	95.65	7.94
11	Delaware	8.12	3,397	275.94	128.76	10.46
12	Oregon	7.99	2,848	227.50	80.37	2.43
13	Michigan	7.96	3,231	257.20	95.71	7.61
14	Pennsylvania	7.75	3,572	276.70	109.15	8.46
15	Rhode Island	7.71	3,926	302.60	137.78	10.62
16	Colorado	7.30	2,796	204.11	43.12	3.15
17	New Hampshire	7.02	2,985	209.70	43.68	3.07
18	Montana	7.00	2,437	170.50	16.61	1.16
19	Ohio	6.72	3,358	235.71	76.69	6.15
20	Wisconsin	6.47	2,770	179.28	40.97	2.65
21	Florida	6.02	3,903	234.85	112.42	6.67
22	Utah	5.92	2,862	169.38	20.82	1.24
23	Vermont	5.85	3,086	180.55	47.45	2.78
24	Maine	5.42	3,200	173.38	60.78	3.29
25	Missouri	5.41	3,386	183.06	66.24	3.58
26	Arizona	5.40	2,736	147.78	24.04	1.30
27	Indiana	5.16	2,944	152.04	42.43	2.19
28	Minnesota	5.07	2,929	148.37	52.41	2.65
29	Nebraska	4.95	2,847	140.83	27.78	1.37
30	West Virginia	4.76	3,025	144.02	37.27	1.77
31	Kansas	4.66	2,415	112.45	22.81	1.06
32	Idaho	4.45	2,440	108.71	12.18	.54
33	Iowa	4.44	2,706	120.11	28.29	1.26
34	South Dakota	4.01	2,496	100.04	11.55	.46
35	Texas	3.84	3,311	127.15	53.11	2.04
36	Louisiana	3.63	3,268	118.61	52.15	1.89
37	New Mexico	3.08	2,766	85.05	19.31	.60
38	Virginia	2.95	3,227	95.32	46.29	1.37
39	Kentucky	2.91	3,301	96.19	52.77	1.53
40	Oklahoma	2.88	3,335	96.02	59.89	1.72
41	North Dakota	2.82	2,641	71.68	13.99	.39
42	Tennessee	2.78	3,347	93.07	51.05	1.42
43	North Carolina	2.35	3,146	73.78	59.15	1.39
44	Georgia	2.07	3,366	69.64	54.25	1.12
45	Alabama	1.95	3,360	65.39	58.23	1.13
46	Arkansas	1.93	3,107	60.10	41.10	.79
47	South Carolina	1.59	2,834	45.19	25.89	.41
48	Mississippi	1.52	3,037	46.16	42.46	.65

*Includes Alaska.