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MUNICIPAL BONDED DEBT IN N. C.

MUNICIPAL BONDED DEBT

In a recent issue of this publication, volume XIII, No. II, was presented a table showing the essential facts about the bonded debt of our counties. Elsewhere in this issue appears a table in which the cities and towns of North Carolina are ranked according to the percent the municipal bonded debt is of all wealth listed for taxation within the municipality. A parallel column gives the amount of the municipal bonded debt on June 30, 1926, as reported by the State Auditor. The taxable wealth data are for the year 1926 for some towns and for 1925 for others, due to differences in the fiscal year of various towns. Thus the debt ratio to wealth in some instances will be subject to a slight correction. The change will not be material, however.

The table covers one hundred and fifty-six cities and towns with a bonded debt of as much as fifty thousand dollars each. Four towns with a debt of more than fifty thousand dollars each are not ranked, due to the lack of taxable wealth data. Seventy-nine towns have a bonded debt of less than fifty thousand dollars each. There are approximately two hundred and fifty towns in the state which report no bonded debt. The great majority of such towns are very small places, generally without improved streets, sidewalks, sewer, or lights, and whose schools are included in the county system.

Andrews Leads

Andrews has the largest debt in proportion to wealth listed for taxation. The debt amounts to 43.3 percent of listed property, according to official data. In eleven towns the debt is more than thirty percent of the wealth listed for taxation. In nineteen towns the bonded debt ranges from thirty to twenty percent of the wealth listed for taxation. Belmont has the smallest debt in proportion to wealth, of the towns included in the table.

Winston-Salem had the largest total bonded debt of the cities of the state, \$13,805,000, followed by Greensboro with \$11,348,000, Charlotte with \$9,990,000, and Asheville with \$8,942,700.

The state total municipal bonded debt on June 30, last, was nearly one hundred and thirty-nine million dollars, or approximately two hundred dollars per inhabitant residing in municipalities having bonded debt. The bonded debt of the cities and towns has been incurred for the following purposes: Lights, water, sewer, streets, and fire department \$100,883,418; for schools \$16,567,500; other public improvements \$13,986,100; funding debt \$7,112,600; and for railroads \$231,700.

In other words the debt has been incurred in order to provide essential permanent improvements without which the cities and towns could not exist.

Debt Average Not High

The per inhabitant municipal debt in North Carolina is about the average for all of the municipalities of the United States having more than thirty thousand inhabitants. There are several towns in the state which appear to have a rather heavy debt, but in a big majority of our towns the debt is conservative. It is possible that a few towns have been imprudent in issuing bonds for permanent improvements. Undoubtedly a few towns have invested too heavily in streets, water, lights, sewers and other improvements. However, in the great majority of cases the bond issues have been voted by the taxpayers and the improvements have been received with a hearty welcome.

The rapid increase in the municipal and other bonded debt shows that the people of the state are growing more liberal in their views about government debt. We often hear warnings issued when the county or municipal debt amounts to as much as five or ten percent of the taxable wealth. But why should they be alarmed? What successful individual or corporation would hesitate to go heavily in debt for necessary improvements? Yet states, counties and cities are often warned not to do just what successful individuals and corporations find it necessary and profitable to do, namely, to make long-time investment in necessary permanent improvements. The town that fails to equip itself properly with streets, water, lights, sewers and schools

will pay dearly for its frugality. The town that invests reasonably in these essentials is the town that will grow and prosper.

Statutory Limit

The municipal finance act sets the limit that a municipality may bond itself at eight percent of wealth listed for taxation. But there are exceptions to the statutory limit, and it seems to be easy enough for a town to have a higher limit incorporated in its charter, or to get the legislature to authorize bond issues beyond the statutory limit, and to validate bond issues where towns by choice or compulsion have gone beyond the limit. In fact practically all the towns and cities of the state are now beyond the statutory limit, many of them far beyond it. Which is not necessarily evidence that they are headed for bankruptcy. In fact the limit seems to be ridiculously low, judging by the number of towns and cities that have not found it a workable maximum.—S. H. H., Jr.

INCOMES COMPARED

In comparing purchasing power of farmers and city-dwellers, one important fact is generally overlooked, contends Advertising and Selling (New York), namely, that "to live on the same standard as the farmer, the city family must have an income that is two-thirds larger than that of the farmers." As the basis for this assertion it is noted that the United States Department of Agriculture recently made a survey "the results of which proved that an \$1,800 cash income on the farm is as good as a \$3,000 income in the city." As the editor of the advertising fortnightly reminds us:

"A study of the living expenses of 2,886 typical farm families in several widely separated states was made. It was found that these expenses averaged about \$1,600 per family. This \$1,600 included \$684 worth of goods raised on the farm, or provided by the farm, such as food, fuel, and housing. In other words, about two-fifths of the expenses of each farm family are secured from the farm in the form of goods. To pay their expenses, these typical farm families had to have a cash income of only about \$900.

"This is a fact about the farm market that is steadily overlooked. We are always comparing city incomes with farm incomes, to the disadvantage of the latter. We forget that the urban family with an income of \$3,000, which is a typical city income, is no better off than the farmer whose cash income is only three-fifths of that figure. The city man's income is gross. From it must be deducted food, rent, fuel and other items, for a large part of which the farmer does not have to make a cash outlay.

"It may, therefore, be inferred from the Department of Agriculture's figures that if a farmer has a cash income of \$1,800, it gives him the same buying power that the city man has with a \$3,000 income. With his elemental necessities largely provided directly from the farm, the farmer's family can use most of its cash income to buy conveniences, comforts, and luxuries."—Literary Digest.

ANOTHER FARM COLONY

In twenty-four years James C. Penney has risen from a clerk in a little country store, living with his family in an attic, to the creation of over 700 department stores in what is known as the Penney Chain, extending through forty-six states, and now doing a business of over \$115,000,000 a year. Every employee has been given the opportunity to become a partner in these chain stores. Having achieved signal success with his department stores, Mr. Penney has decided to extend the same principles to farming.

In December, 1924, he purchased 120,000 acres of land in Clay county, Florida, with the idea of developing the tract into 6,000 small farms. While 20,000 acres of land were being put under the plow, he gathered about him men of exceptional ability and placed them in positions of responsibility. For his personal representative he selected D. Walter Morton, former dean of the School of Commerce and Accounting of

THE LEGISLATURE PRAYS

Almighty God, Lord of all Governments, help us, in the opening hours of this legislative session, to realize the sanctity of politics.

Give us the insight and grant us the power to lift this business of Government into an adventure that we may with reverence call the politics of God, because by it we shall seek to fashion the life of this commonwealth in the likeness of that City of God which has been the dream of saints and seers for unnumbered centuries.

Save us from the sins to which we shall be subtly tempted as the calls of parties and the cries of interests beat upon this seat of government.

Save us from thinking about the next election when we should be thinking about the next generation.

Save us from dealing in personalities when we should be dealing in principles.

Save us from thinking too much about the vote of majorities when we should be thinking about the virtue of measures.

Save us, in crucial hours of debate, from saying the things that will take when we should be saying the things that are true.

Save us from indulging in catchwords when we should be searching for facts.

Save us from making party an end in itself when we should be making it a means to an end.

May we have greater reverence for the truth than for the past. Help us to make party our servant rather than our master.

May we know that it profits us nothing to win elections if we lose our courage.

May we be worthy of the high calling of government. Amen.—Dr. Glenn Frank, Chaplain Wisconsin Legislature.

the University of Southern California, and as director of farm management F. O. Clark, former head of the Vocational Department of Berea College, Berea, Kentucky. No salesmen were employed, no advertising done. It was not primarily a commercial proposition. Farms were to be built and farmers trained in the profession of agriculture.

The first work was to rehabilitate the old farm buildings on the property; then to build good roads to make marketing of farm crops easy. The next step was to select carefully the future owners of the farms. This was done through the 745 department stores. Families known and recommended by the managers of these stores were put on the preferred list.

Each farmer is given the opportunity, after he has lived on the farm one year, of purchasing and owning it in full, provided he is satisfied and provided he conforms to the high standards of character and industry set up by the Penney Farm management. No down payment is made, but the farms are paid for out of the profits made from the soil.

To insure the success of the individual farmer the J. C. Penney-Gwinn Institute of Applied Agriculture has been established at Penney Farms, eight miles from Green Cove Springs (near the land where the corporation has its headquarters). This institute is in charge of Albert A. Johnson, former head of the Farmingdale School of Agriculture of New York. Both the students at the school and the farmers on the land are given theoretical and practical training in Florida soil and crop conditions. The students are given sufficient employment to enable them to pay their way, and after graduation they can take up farms of their own. Before the farms are opened to settlement there is a careful chemical and bacteriological soil analysis. Every process known to science will be utilized to build the soil up to its highest state of productivity.

Though the farm development has been called paternalism, and even socialism, the department-store founder declares it contains the soundness of purely American business principles. Helping others to help themselves is good business, he firmly believes, and he points to the great chain of stores to prove it.—Adapted from Manufacturers Record.

FARMERS MUST ORGANIZE

We hear the cry of "back to the land" continually, but for one who goes back a thousand go away. . . . The miracle to be wrought is the creation of rural civilization. Civilization implies some measure of luxury and comfort. It can only be attained when the community is organized and has

strength to retain some surplus of wealth beyond what is required for the bare necessities of life. The organized industries, the organized communities are always wresting any surplus from the unorganized. The business mind of the country must be organized to counter the business mind of the town.—George W. Russell (A. E.) in "The Scoop Shovel."

MUNICIPAL BONDED DEBT IN NORTH CAROLINA Ratio of Debt to Taxable Wealth, June 30, 1926

In the following table the towns and cities of the state are ranked according to the percent the bonded debt on June 30, 1926, was of wealth listed for taxation. The parallel column gives the bonded debt of each municipality as reported by the State Auditor. Data on taxable wealth for 1926-26 were supplied by Mr. Dan Terry, of the State Tax Commission, from tabulations not yet published. In some cases the taxable wealth as returned to the Tax Commission refers to 1925, in others to 1926. The debt ratio to wealth, therefore, is subject to some very slight corrections in several cases.

The bonded debt of Andrews amounts to 43.3 percent of all wealth listed for taxation. The debt of Belmont is 1.3 percent of the taxed wealth.

State total municipal debt June 30, 1926, was \$138,781,318. Seventy-nine towns with a debt of less than fifty thousand dollars each are not included in the table below. Approximately two hundred and fifty incorporated towns in the state have no bonded debt.

S. H. Hobbs, Jr.

Department of Rural Social-Economics, University of North Carolina

Rank	Town	Bonded debt	Percent bonded debt is of assessed value	Rank	Town	Bonded debt	Percent bonded debt is of assessed value
1	Andrews	\$ 548,000	43.3	79	Gastonia	\$ 3,167,500	12.6
2	Bryson City	420,000	39.0	80	Elkin	354,000	12.5
3	Plymouth	391,000	37.7	80	Lincolnton	573,000	12.5
4	Walnut Cove	274,000	36.4	80	Maxton	241,000	12.5
5	Morehead City	921,500	34.6	83	Washington	962,000	12.3
6	Rutherfordton	704,000	34.1	83	Southport	121,000	12.3
7	Kernersville	422,000	33.5	85	Star	86,000	12.2
8	Franklin	374,000	33.2	86	Graham	354,000	12.1
9	Taylorsville	289,000	33.1	86	Mocksville	205,500	12.1
10	Scotland Neck	537,500	32.7	86	N. Wilkesboro	442,000	12.1
11	Boone	238,000	31.5	89	Lenoir	638,000	12.0
12	Wake Forest	354,500	30.3	90	Pine Tops	73,000	11.9
13	Hendersonville	2,259,000	28.8	90	Roseboro	85,000	11.9
14	Troy	513,000	27.2	90	Wilson	2,311,500	11.9
15	Thomasville	1,396,500	27.1	93	Asheville	8,942,700	11.6
16	Beaufort	527,000	26.9	93	Henderson	913,000	11.6
17	Snow Hill	220,000	26.8	93	Hickory	1,174,000	11.6
18	Southern Pines	689,000	26.8	93	Huntersville	89,000	11.6
19	Forest City	751,000	23.6	97	LaGrange	129,000	11.5
20	Lexington	1,913,000	23.0	98	Aberdeen	147,500	11.3
21	Davidson	242,000	22.6	98	Statesville	1,527,000	11.3
22	Saluda	148,000	21.4	98	Weldon	218,000	11.3
23	Burnsville	217,000	20.9	98	Whiteville	193,500	11.3
24	Elizabeth City	2,470,000	20.8	98	Elm City	105,000	11.3
25	Brevard	423,000	20.5	103	Jacksonville	66,000	11.1
25	Windsor	205,000	20.5	104	Concord	1,472,600	11.0
27	Enfield	375,000	20.3	104	Marion	285,000	11.0
27	Murphy	295,000	20.3	104	Littleton	132,000	11.0
29	Ahoke	302,000	20.0	107	Farmville	305,700	10.9
29	Blowing Rock	100,000	20.0	107	Robersonville	137,000	10.9
31	Madison	302,500	19.9	109	Ashboro	318,000	10.8
32	Louisburg	305,500	19.8	110	Reidsville	852,000	10.7
33	Lumberton	839,000	19.5	110	Warsaw	136,500	10.7
34	Tryon	223,500	19.4	112	Biltmore	123,000	10.5
35	Sylva	343,000	19.0	112	Winston-Salem	13,805,000	10.5
36	Franklinton	266,000	18.4	114	China Grove	140,000	10.3
36	Zebulon	221,000	18.4	114	Durham	7,293,000	10.3
38	Mebane	491,000	17.9	114	Mount Holly	381,000	10.3
38	Spencer	552,000	17.9	114	Siler City	150,000	10.3
40	Benson	472,500	17.8	118	Tabor	76,000	10.2
40	Wendell	178,000	17.8	119	Conover	91,000	10.1
42	Apex	192,000	17.7	119	Norwood	132,000	10.1
42	Spring Hope	182,000	17.7	119	Raleigh	4,851,922	10.1
44	Red Springs	210,500	17.6	122	Rockingham	477,500	10.0
46	Waynesville	464,000	17.3	123	Kinston	993,800	9.7
46	Belhaven	225,000	17.2	124	Bessemer City	261,000	9.6
47	Albemarle	929,000	17.1	124	Goldboro	1,623,500	9.6
48	Black Mountain	176,000	16.9	126	Smithfield	305,000	9.5
49	Cherryville	471,500	16.4	127	Morganton	655,300	9.3
50	Laurinburg	610,000	16.1	127	Moorestville	576,446	9.3
51	Hertford	249,000	16.0	127	Rocky Mount	1,855,000	9.3
52	Canton	704,000	15.8	130	Newton	343,000	9.1
52	Salisbury	3,440,000	15.8	130	West Hickory	136,000	9.1
54	Fairmont	208,000	15.7	132	Mt. Gilead	150,000	8.9
54	Sanford	791,000	15.7	133	Leaksville	283,000	8.5
56	Roxboro	475,000	15.3	134	Charlotte	9,990,000	8.4
57	Wadesboro	523,000	15.2	135	Saint Pauls	129,000	8.1
58	Nashville	155,000	15.1	136	Hazelwood	74,000	7.8
58	Williamston	240,500	15.1	136	Wilmington	3,119,000	7.8
60	Dunn	638,000	15.0	138	Spindale	195,000	7.6
60	Oxford	685,000	15.0	138	Spruce Pines	94,000	7.6
62	Maiden	221,500	14.9	138	Weaverville	55,500	7.6
63	Cary	142,000	14.8	141	Hillsboro	64,000	7.2
63	Mount Olive	387,000	14.8	142	Granite Falls	157,000	7.1
65	Shelby	1,234,500	14.7	142	Kings Mt'n	376,000	7.1
66	Burlington	1,448,500	14.4	144	Marshville	57,000	7.0
66	Wilkesboro	66,000	14.4	144	Mount Airy	433,500	7.0
68	Monroe	676,000	14.3	144	New Bern	994,000	7.0
69	High Point	4,393,000	13.6	147	Warrenton	114,000	6.3
70	Bethel	113,000	13.5	148	Chapel Hill	236,750	6.1
70	Clinton	270,500	13.5	148	Old Fort	67,000	6.1
70	Rowland	127,500	13.5	150	Raeeford	112,000	5.3
73	Greensboro	11,348,000	13.4	150	Wallace	75,000	5.3
74	Tarboro	721,000	12.8	152	Edenton	175,100	4.8
74	Hamlet	605,000	12.8	153	Clayton	71,000	3.8
76	Elerbe	74,000	12.7	153	Fremont	71,000	3.8
76	Fayetteville	1,594,000	12.7	154	Greenville	300,000	3.4
76	Stantonsburg	57,000	12.7	156	Belmont	80,000	1.3

*Using 1924 taxable wealth.

Bonded debt for Aurora was \$374,800; for Hamilton Lakes \$200,000; for Kenilworth \$203,000; and for Laurel Park \$150,000; Taxable wealth data were not available.