

THE UNIVERSITY OF NORTH CAROLINA
NEWS LETTER

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OUR FEDERAL INCOME TAXPAYERS

A CHILD WELFARE SESSION

Urging a better understanding of North Carolina's new welfare laws in their relation to the well being of Carolina children, a committee of the North Carolina club connected with Governor Bickett's reconstruction commission made its report in Gerrard Hall Monday night. The special committee consists of T. J. Brawley of Gastonia, chairman; W. H. Bobbitt, of Statesville, and C. T. Boyd, of Gastonia.

Mr. Brawley contended that the development of factories in North Carolina is in large part responsible for our problems of child welfare, especially in those cases where the mother is compelled to work in the factory. Child labor in country areas is also a neglected problem of vital sort, said he. He told the club that the staff specialists of the Atlanta Red Cross headquarters would be at the University this summer to train our county superintendents of public welfare.

Mr. Boyd urged the establishment of more schools for the 7,500 feeble-minded children of the state. At present the Caswell Training School has room for fewer than 250. As for the feeble-minded children of our negroes, we have not yet made any provision for them. He also recommended that the state set aside a fund for mothers' pensions for deserving, capable mothers who are otherwise unable to support their children. He declared that another child-placing agency like the one at Greensboro should be established on a fifty-fifty basis of state and private funds.

Mr. Bobbitt showed the need for detention homes, so that children in the care of our juvenile courts would not have to be placed in jails with hardened criminals. The Jackson Training School should be greatly enlarged, he declared, because there are 200 boys on the waiting list and the capacity of the school is only 100. At least two other such schools should be established in the state. He ended his report by urging that the state erect more training schools for the delinquent, defective, and dependent children of both races.—Greensboro News.

THE BIGGEST THING YET

The proposition announced by the progressive authorities of the University of North Carolina by which a corps of experts will undertake to advise with the rural people of the state in the matter of home and farm improvements looks to us to be about one of the biggest things put forth at the University in a long time. The plan is to advise and counsel with the country people of the state who want better homes, improved yards, better facilities and more modern farm plants, offering advice, blueprints, charts and other essential helps, free of charge. Advice will be given about the installation of modern facilities, power plants, telephone systems, improvements in homes, and the introduction of the city's comforts into the homes of the countryside.

Our estimate of the importance of such an undertaking is based upon the very patent fact that the state must do something immediately to rejuvenate its rural side. It is all foolishness to talk about instituting what has been called the back-to-the-farm movement. That thing is never going to happen. Few boys or girls who have come from the country into the city and grown accustomed to the social advantages and the living comforts of the city are ever going back to the countryside again. They are making too much money in the city in the first place; they are enjoying themselves too much, in the second place, and they are altogether so pleased with the change they have made that it is the purest sort of folly to talk of ever converting them again to the theory that the countryside is the best place in the world for them. They will argue with you about that and win the argument every time, so far as they are individually concerned.

Better Country Homes

What can be done, however—and this is the crux of the situation—is to endeavor right now to make the countryside so much like the city, to improve the tone of country life, to add to country homes so many city advantages, that the temptation which comes to the boys and girls to remove from the rural side to the city will be taken away. The inflow of popu-

lation from farm to city cannot be cured and stopped arbitrarily or precipitately, but it can be checked. The boys and girls who have already come to the cities cannot be influenced to go back to the country, but the future boys and girls can be kept from coming into the cities by making life more attractive for them where they are now, by improving the farm, by adding to the comforts of the farm home, by installing the modern facilities which the standards of the times demand and by otherwise satisfying them with their countryside surroundings.

And this is an economic step that must be taken. Much of the present-day dislocations are due to the one-sidedness of production as compared with consumption. In this very county, for instance, there has been such an exodus from the fields that Charlotte consumers are eating tremendously more than Mecklenburg producers can possibly supply us with. There are productive fields in the county that cannot be utilized, vast stretches of rich soil that lie idle because there is nobody to work them, great plantations, in some instances, that are being only partially cultivated because of scarcity of labor, and such is the case all over the country.

Lopsided Life

The population of the cities has been multiplied at the expense of a depletion on the farms and we have grown as consumers out of all proportion to our resources as producers. The important thing to do, therefore, is to check this tendency and stop this lopsidedness by making life more attractive in the country, by reducing the problem of isolation and unrelieved loneliness which prevails in the rural vicinities and by such a translation of all surroundings of life on the farm that the temptation which comes to boys and girls and whole families to desert these rich, productive centers will be relieved.

We hope the people of North Carolina will appreciate what the community builders at Chapel Hill have taken up. They intend to do something for the rural population of the state—that this population itself might never do without capable leadership. They are offering to save farm owners money which would otherwise go into experiments or haphazard arrangements. They are proposing to rehabilitate the fortunes of the country people of this Commonwealth by an intense application of their theoretical knowledge to the practical problems of the rural districts and in this worthy and inexpressibly important undertaking, they deserve the gratitude and the cooperation of those they intend to help.—Charlotte News.

OUR FEDERAL INCOME TAXES

The federal income taxes paid in North Carolina in 1917 amounted to \$23,667,705. Which is nearly four million dollars more than all local taxes of all sorts—town, county, and state—paid by all the taxpayers of the state the same year.

This huge total of federal income taxes in North Carolina was paid as follows: Corporations, 3986 in number \$20,353,098 Persons, 10,970 with net taxable incomes of \$2000 and over... 2,651,504 Partnerships, 168 in number... 663,103

Corporation Taxes

Nearly nine-tenths of all the federal income taxes of North Carolina were paid by corporate businesses, 3986 in number. These corporations reported a total gross income of nearly 700 million dollars, but they paid income and excess profits taxes on only 92 million dollars, in round numbers. Which is to say, their net taxable income was around a seventh of their gross income. The exemptions, deductions, and allowances of all sorts under the law amounted to six-sevenths of their gross income. Eleven hundred sixty-nine or more than a fifth of all our reporting corporations had no net taxable incomes in 1917 and therefore paid no federal income taxes.

The federal income taxes paid by our corporations in 1917 were as follows:
 1136 Manufactories..... \$16,634,407
 1508 Merchandise concerns... 2,227,345
 305 Transportation companies 1,004,291
 762 Financial corporations... 332,291
 49 Construction companies... 52,237
 134 Personal service concerns... 41,058
 79 Agricultural corporations... 35,882
 13 Mines and quarries... 25,676

These totals, we may say, do not include the 76 million dollars of stamp taxes on tobacco factory products in North Carolina.

CHILDREN

David Starr Jordan

There is nothing in the world so important as little children; nothing so interesting. If you wish to go in for philanthropy, if ever you wish to be of any use in the world, do something for little children. If ever you yearn to be truly wise, study children.

We can dress the sore, bandage the wound, imprison the criminal, heal the sick and bury the dead, but there is always a chance that we can save the child. If the great army of philanthropists ever exterminate sin and pestilence, ever work out the race's salvation, it will be because a little child has led them.

Personal Income Taxes

There are two and a half million people in North Carolina, but the number that paid federal taxes on personal incomes and excess profits was very small. In all the state there were only 22,977 people who had taxable incomes beyond the exemptions allowed by law—\$1000 for unmarried persons, and \$2000 for heads of families.

There were several hundred thousand wage earners, salaried people, farmers and merchants, single and married, whose gross incomes were more than \$1000—\$2000 a year; but when the legal deductions and allowances of all sorts were counted only a bare handful of the people in North Carolina had any net incomes to pay federal taxes on.

We helped a half dozen of our wealthiest farmers to fill out their federal income tax sheets, but when we summed up the allowances for dependents, and for necessary farm expenses, investment in tools, money spent for hired help, feed, and repairs on buildings, for fences, wagons, farm machinery, horseshoeing, insurance on barns and houses, depreciation due to wear and tear on everything used for farm purposes, losses from fire, flood, and storm, and so on and on—not one of them had any income surplus to pay federal taxes on.

The fact is very few farmers and wage-earners paid any federal income taxes in 1917 either in North Carolina or any other state. The country over the farmers who were rich enough to pay federal taxes on incomes were only one in every 400. At this rate only 110 farmers paid such taxes in North Carolina in 1917.

Who Pays Income Taxes

Of the 23,000 people in North Carolina who paid personal income taxes into the Washington treasury in 1917, by far the largest class was composed of single persons with incomes between \$1000 and \$2000. They numbered 9,714 or nearly one-half of all the federal income taxpayers of the state. What they paid after exemptions, deductions, and allowances were counted was so little that the official bulletin of the federal treasury does not render any account of it at all in any state. The number of these small taxpayers is stated in each state, but nothing more.

The next largest class of federal income taxpayers was composed of those with net incomes between \$2000 and \$3000. They numbered only 5785 in the entire state, and two fifths of these paid nothing because of exemptions, deductions, and allowances. The rest, 3395 in number, paid \$39,000 all told, an average of about ten dollars apiece.

Our Well-to-do and Rich

The table of federal income taxpayers by classes appears in another column in this issue. A glance through it discloses some significant facts, as follows:
 1. A little more than nine tenths of all our federal taxes on personal incomes in 1917 were paid by 6975 people, or less than a third of all those reporting net incomes beyond the exemptions allowed.
 2. More than half our federal personal income taxes were paid by 97 taxpayers—the very rich people with net incomes of \$40,000 a year and more.
 3. Our three richest men paid \$442,795, which is more than all the taxes paid by the 9741 people with net incomes between \$2000 and \$10,000 a year.
 4. Our richest man with a net income approaching a million dollars a year, paid nearly as much as the 8000 people with net incomes below \$6000 a year. His federal income tax amounted to some \$500 a day including Sundays.

The simple fact is that the rich pay taxes—the bulk of the taxes, both local and federal. And the most hopeful thing in North Carolina is the cheerfulness with which they pay it. So far as we know, only one rich man in the entire state whimpered about taxes during the hard days of the war.

We have lived long enough to observe that most of the fuss about taxes is made by people whose taxes are a bagatelle or nothing at all. And these are the multi-

COUNTRY HOME CONVENIENCES

LETTER SERIES No. 3

The University Extension Division of Country Home Comforts and Conveniences has thus far answered calls from sixty-six individuals or communities for assistance in selecting and installing electric lighting systems, for developing small water powers for operating these systems, and for water supply and rural telephones. Twenty-four of these calls were for advice in developing small water powers; eleven of the calls were asking for assistance in improving the water supply; twenty-seven were for aid in selecting farm lighting sets and laying out the most economical system of wiring; three were for rural telephone systems; and one for country home plans.

From Avery to Carteret

The following table showing the distribution of these projects over thirty-five counties indicates how extensive a field has been served by the Division.

County	Projects	County	Projects
Alamance	4	Harnett	1
Alexander	1	Haywood	1
Avery	2	Johnston	1
Bertie	4	Mecklenburg	2
Buncombe	5	Montgomery	1
Burke	1	Northampton	1
Caldwell	11	Orange	2
Carteret	1	Person	1
Caswell	2	Pitt	1
Chatham	1	Rockingham	1
Davidson	1	Rowan	4

tudes who are most excited by tax discussions of any sort whatsoever. They have least at stake and most to gain in tax reforms; but usually they offer the greatest obstacle to the solution of tax puzzles in democratic communities.

Carolina Millionaires

We had 949 men in North Carolina in 1917 with net incomes of \$10,000 or more. The gross incomes of these taxpayers in the main would run around \$50,000 each; which is five percent of a million dollars of productive property.

It takes one's breath to think of it. There are 70 people in the state with net incomes of \$50,000 a year and over—not gross but net incomes, mind you. These taxpayers are millionaires and multi-millionaires many times over.

However, the official definition of a millionaire is a person with a net income of \$100,000 or more. On this basis, we had 24 millionaires in North Carolina in 1917, and only three southern states had more—Louisiana, Oklahoma, and Texas in the order named.

The net income of our richest man was between \$750,000 and \$1,000,000 in 1917. He is ten times a millionaire and more.

This brief study of federal income taxpayers is based on The Statistics of In-

Davie	1	Richmond	2
Duplin	1	Sampson	1
Durham	1	Transylvania	2
Forsyth	1	Wake	2
Gaston	1	Wayne	1
Halifax	1	Wilkes	1
		Yadkin	2

White Coal Being Wasted

Field Engineer, W. C. Walke, spent most of the month of January in Caldwell and Buncombe counties investigating small waterpower sites. Some of these sites were owned by individual farmers who had in some cases as much as ten to fifteen horsepower running to waste right under their noses and didn't know it. Estimating this power at only \$30 a horsepower-year, it means that these individuals are losing from three to four hundred dollars a year that might be saved and put to work.

This amount of white coal as water is called, if utilized in a factory, would mean a saving of more than one hundred tons of coal in a year. Any good business man would jump at the opportunity to save this much fuel. For the farmer, however, it means increased production with less effort, and what is more, it means that he can have all of the comforts and conveniences of the town and city in his home.—P. H. D.

come, a bulletin issued the other day by the United States Internal Revenue Bureau of the Federal Treasury. It throws the wealth of North Carolina into the spotlight. It has at last become perfectly clear that the time is past forever when any competently informed person can truthfully say that North Carolina is a poverty stricken state.

Wealth and Welfare

The development of a community or a commonwealth depends upon two things: (1) upon its wealth, and (2) upon its willingness to convert its wealth into weal.

Commonwealth ought to mean common weal. The two are one or ought to be, and they could be in North Carolina if only the democratic mind were not so easily muddled by two-penny philosophies. The vast multitude at the bottom of the column—the small taxpayers and the non-taxpayers—is its own worst enemy in this state and every other at this time and every other time in recorded history from Micah's time until now. Its deadliest foes are those of its own household.

There is really only one obstacle to tax reforms in North Carolina, and it lies in the clumsy thinking of uninformed minds—in the economic illiteracy that Mr. Vanderbilt rightly says is threatening the entire world today.

FEDERAL PERSONAL INCOME TAXPAYERS

IN NORTH CAROLINA, BY CLASSES, IN 1917

Based on Statistics of Income, Internal Revenue Bureau, 1919
 S. H. Hobbs, Jr., University of North Carolina

Taxpayers	Income Classes	Total Incomes	Taxes Paid
1,476	\$ 2,000 to \$ 2,500	\$3,358,440	\$ 15,093
1,919	2,500 to 3,000	5,272,001	24,083
2,585	3,000 to 4,000	8,880,493	54,102
1,340	4,000 to 5,000	5,960,135	56,764
782	5,000 to 6,000	4,269,536	55,600
523	6,000 to 7,000	3,368,551	57,687
345	7,000 to 8,000	2,572,657	53,797
253	8,000 to 9,000	2,145,535	56,847
198	9,000 to 10,000	1,870,374	52,366
126	10,000 to 11,000	1,309,213	42,321
104	11,000 to 12,000	1,189,053	38,691
89	12,000 to 13,000	1,111,200	38,767
62	13,000 to 14,000	835,019	35,047
58	14,000 to 15,000	839,963	34,272
168	15,000 to 20,000	2,896,153	115,966
101	20,000 to 25,000	2,248,283	117,549
56	25,000 to 30,000	1,539,488	100,210
88	30,000 to 40,000	2,995,243	193,624
27	40,000 to 50,000	1,220,781	98,517
17	50,000 to 60,000	915,905	48,146
8	60,000 to 70,000	502,270	35,914
8	70,000 to 80,000	594,488	76,081
11	80,000 to 90,000	930,561	105,905
2	90,000 to 100,000	190,097	18,707
12	100,000 to 150,000	1,405,391	173,327
2	150,000 to 200,000	335,142	75,552
5	200,000 to 250,000	1,153,477	315,904
2	250,000 to 300,000	569,734	117,870
1	300,000 to 400,000	137,436
1	400,000 to 500,000	109,536
1	750,000 to 1,000,000	195,823
10,370			\$2,651,504