

THE UNIVERSITY OF NORTH CAROLINA
NEWS LETTER

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

Published weekly by the University of North Carolina for its Bureau of Extension.

MARCH 2, 1921

CHAPEL HILL, N. C.

VOL. VII, NO. 15

Editorial Board: E. C. Branson, L. R. Wilson, E. W. Knight, D. D. Carroll, J. B. Bullitt.

Entered as second-class matter November 14, 1914 at the Postoffice at Chapel Hill, N. C., under the act of August 24, 1911.

FIFTY MILLIONS FOR HIGHWAYS

MILLIONS FOR VITAL CAUSES

Fifty millions for public highways, by a vote of 102 to 11 in our house of representatives on yesterday.

Almost for the first time in the history of North Carolina our legislature is thinking in big-scale figures about the big-scale concerns of our civilization. And they are doing it with high courage in a time of business depression.

In the language of Captain Cuttle, Whoroor!

We are at last investing in millions in vital state causes and we are keeping even step with the most progressive communities and states of the Union.

The bottom has dropped out of grain prices, but the farmers of the Middle West gave fifteen million bushels of corn the other day to Mr. Hoover for the starving children of the Near East.

The farmers in the Middle West have nerve. But we also have nerve in North Carolina. Our fifty millions for roads is proof of it.

The University of Illinois is asking for ten and a half million dollars for the next two years, and the Rotarians of the state are shelling the woods for the State University. Already the University of Illinois has a maintenance fund that is larger than the working income of the thirty-one colleges of North Carolina all put together—larger by a half million dollars a year.

The California Budget Commission gave the University of that state nine million dollars the other day for campus expansion. It will make the University properties of California worth twenty-five million dollars all told, or nearly twice as much as the value of all the thirty-one college properties of North Carolina, church and state.

Investing in Prosperity

And California believes in highways. Eight counties in southern California have four thousand miles of the best paved highways on the globe. Four thousand miles in eight counties! More than that, these same counties have nearly two thousand miles of urban and inter-urban railways. This little area of eight counties is literally cobwebbed with highways and electric railways. They have invested in these enterprises nearly four times the amount of money the state of North Carolina is now voting to invest in improved public roads for the entire state. But also, this area is irrigated by water that is brought over a distance of more than two hundred miles at tremendous expense.

The result is an alkali desert transformed into a miracle of fertility, beauty, and prosperity. The center of this area is Los Angeles, a city that in the last ten years has far outstripped San Francisco in population, wealth, and influence. Some ten years ago Los Angeles had the nerve to vote a bonded debt of more than one hundred dollars per inhabitant. The proceeds were invested in a man-made municipal harbor, the finest on the Pacific coast, and in the most wonderful water-works system in the world—even more wonderful than the water-supply system of New York City.

Carolina Follows Suit

It pays to invest in millions in community and commonwealth progress and prosperity alike. Carolina has at last begun to think in millions, and it ushers in a great new era in her history. The day of small-scale thinking is ended in this state. That is the significance of the legislative vote on highways on yesterday, February 18, 1921.

Our fifty millions of highway bonds levy a burden of \$1.10 a year per inhabitant—supposing that they are to be thirty-six-year five-percent bonds, and \$1.10 is just about the price of a single circus and side-show ticket.

All honor to Miss Hattie M. Berry, who organized the public sentiment of the people, as secretary of the State Good Roads Association, and to Rufus A. Doughton, T. C. Bowie, and H. G. Connor, Jr., who organized and led the campaign in the House of Representatives, and to a score or more of other robust patriots in the cause of improved highways—to John Sprunt Hill, W. A. McGirt, Bennehan Cameron, and other invaluable public servants.

THE NERVE OF NEW ZEALAND

New Zealand has an area just about equal to that of California, and a population of 1,800,000; which is almost exactly the white population of North Carolina.

But ten years ago the bonded debt of this little country was more than three hundred fifty million dollars, or more than three hundred dollars per white inhabitant. It takes nerve for a handful of people to get under a bonded debt of that size. And when you stop to consider that this big thing was done by a population that is barely larger than the white population of North Carolina, it looks like a very miracle of nerve. It looks like a willingness to bank New Zealand against the universe; which is exactly the way a New Zealander feels.

The proceeds of these bonds have been invested in productive enterprises that not only pay the interest charges but also create the sinking funds that are necessary to retire the bonds in order on schedule time. And more, they turn a surplus into the dominion treasury year by year.

The New Zealanders are not in the least in doubt about the productive value of investments in roads, railroads, public health departments, schools and colleges, farm and home loan funds, communication facilities, hydro-electric plants, and so on and on.

They get their prompt rewards out of increased community prosperity, comfort, and safety. For instance, New Zealand has the lowest infant death rate in the world. It is inspiring to turn the pages of a New Zealand Year-Book.

New Zealand's policy of investing in state progress and prosperity has been developed during the last thirty years, and the people are not bankrupt; they are rich. The more any people invest in progress, the richer they become.

We do not hesitate to say that the fifty millions of roads bonds voted by our House of Representatives on yesterday marks the beginning of a great new era in North Carolina.

MILLIONS FOR UNCLE SAM

Five billion four hundred million dollars in round numbers was the grand total of taxes paid into the federal treasury by the people of the United States during the year ending June 30, 1920.

More than a fourth of it was paid in New York state alone; more than a third of it in New York and Pennsylvania alone; more than half of it in New York, Pennsylvania, Illinois, and Massachusetts alone. Nearly exactly three-fourths of it, or four billion dollars, was paid in the Great Industrial Area east of the Mississippi and north of the Ohio and the Potomac.

That is why they do not love our Mr. Kitchin up that way.]

What was left for the thirty-one other states to pay was one and a third billion dollars.

And North Carolina paid almost one-eighth of this one and a third billion dollars—twelve percent of it!

Our nearest competitor in the South was Texas, and she fell behind us by fifty-eight million dollars. Outside the Great Industrial Area, California is the only state that was ahead of us, but with a lead of less than twenty million dollars.

North Carolina has moved into the ranks of the rich during the last five years. But it is hard somehow for the state to realize it.

Here are the direct federal taxes paid by the eight leading states of the Union during the year ending June 30, 1920:

1 New York	\$1,418,436,726
2 Pennsylvania	557,379,411
3 Illinois	443,728,892
4 Ohio	373,747,085
5 Massachusetts	352,022,233
6 Michigan	283,296,068
7 California	179,267,565
8 North Carolina	162,665,947

Total \$3,770,543,927

North Carolina paid four and a third percent of all the federal taxes in the eight leading states of the Union, three percent of the total paid by all the forty-eight states, and twelve percent of the

THE GOVERNOR'S PROPHECY

Times are hard, but they do not approach the severity of conditions which we have met with courage in the past. We are depressed and dispirited now, but business is a complex and mysterious thing, and for all the wisest among us may know, we may in this depression be laying the foundation stones for a structure of business and prosperity the like of which our country has never known.

Prosperous times are sure to return. The United States is richer than any two or three countries in the world, and we have more productive energy, initiative and ability than Europe combined. North Carolina is one of the truly rich and great states of the union, and nothing can keep prosperity from soon returning to us except our own cowardice and pessimism. In this hour of trial and depression I appeal to all the people of the state to go forward with courage and determination in every direction in which Christians and patriots are looking.

total paid outside of the Great Industrial Area.

There is no indication here that North Carolina is a poor state—not in 1920.

The Total in Carolina

Nearly one hundred and sixty-three million dollars—exactly \$162,665,947—is the total of taxes paid by North Carolina into the federal treasury during the year ending with June of 1920.

Barely six millions—exactly \$5,648,572—is what we paid into the state treasury in 1920.

In a single year we paid more money into the federal treasury than we have spent on public schools, schools for the deaf and blind, technical training schools, and the State University during the entire history of the state—more by thirty million dollars! See the exhibit of Dr. P. P. Claxton, U. S. Commissioner of Education, News and Observer, Nov. 21, 1920.

A state that is able to pay one hundred sixty-three million dollars in taxes in a single year is rich—rich enough to rank with the seven foremost states of the Union. With these seven rich states, North Carolina helped to pay seven-tenths of all the taxes paid by all the forty-eight states put together.

One hundred and eight millions of our total were paid directly by our tobacco factories in stamp taxes. Indirectly it was paid, of course, by consumers the world over. Consumers in North Carolina paid their share of this total, but nobody knows how large or small this share was. And so with other millions paid directly by our various corporations and passed on to consumers the world around. But these millions of stamp, income and excess profit taxes—around 150 millions all told—were paid out of hand by North Carolina corporations, and they signify large corporation wealth in this state. This wealth must be credited to the state, altho the taxes our corporations pay are finally paid in the main by the people of other states and countries. If not, then the wealth of New York state or any other rich state can be reduced to a bagatelle by the same kind of logic—if it be logic.

We are proud of the great businesses of North Carolina. One of them is the greatest of its sort on the globe. Another leads the South and places North Carolina second to Massachusetts alone. Enormous wealth is piled up in the producing businesses of this state. It is a monument to the genius of our captains of industry. But it lends no argument to the man who would reduce the wealth of North Carolina to mole-hill proportions.

An Exhibit of Details

Our millions of federal taxes were as follows for the year ending June 30, 1920:

Tobacco stamps	\$108,457,156
Taxes on income and profits	44,962,859
Inheritance taxes	3,174,019
Public utilities, taxes on travel, telephone and telegraph messages	2,415,861
Excise taxes, on sales, paid by	

COUNTRY HOME CONVENIENCES

LETTER SERIES No. 42

EXPERIENCES IN THE FIELD—II

Last week we told you about the trouble Mr. Smith and his neighbors had with their power plant. The story of how the installation was made is very interesting. Mr. Smith told the story as follows:

"Well it was this way. After having decided to put in a small hydro-electric plant I began to look around for equipment. My knowledge of such matters was limited to the fact that I knew a generator, switchboard and turbine were necessary for the generation and control of the power developed. I did not know how much power my stream would give or anything about the manner of installation. Neither was I at the time aware of the services that could be gotten from your division."

Choice of Equipment

"It became generally known about the neighborhood that I was in the market for the equipment I have just mentioned. One day a saw mill man came to see me and said he had a 12-in. vertical turbine he wanted to dispose of. He stated that he had been using it on a stream smaller than mine in the lumber woods with entire satisfaction, but that now he was moving his camp and would have no further use for the turbine. He assured me that his turbine was just the thing for me and offered it at a price that I considered a bargain, so I bought it. A few days later I got a letter from a man offering an attractive price on a 30-kilowatt generator and switchboard which, while second hand, was in good condition. I bought this also. The pole line material and meters were secured from one of the large electrical manufacturers.

"Now came the question of getting this machinery put in. The only man I could find in the neighborhood who pro-

fessed any knowledge of such things was a carpenter. I hired him to do the job and he made the installation as you see it. You now have the whole story, can you tell me why the plant is not right?"

The Solution

The representative of the Division of Country Home Comforts and Conveniences at the University summed up the trouble briefly as being a case of improper equipment and installation with the exception of the generator which was all right. He pointed out that one of the most vital troubles was that the water wheel had no governor and in the absence of a man to control it, its speed varied over a wide range as the load changed causing the lights to vary in brightness. In like manner other faults too many to mention were criticized and suggestions made to remedy the trouble. Mr. Smith was very glad to find out these things and today has a new power plant, relocated and remodeled, with a pipe carrying water to a horizontal steel-incased turbine equipped with a speed governor. The turbine drives the old generator by belt from a pulley on its shaft, replacing the old quarter-twist drive. A twelve-foot dam capable of storing the twelve-hour flow of the stream replaces the log formerly used to divert water to the old open flume. The lights are steady and bright even when the picture show is going on; and the home lover can now read to his heart's content without fear of periods of semi-darkness.

It is gratifying to the Division to have been of assistance to Mr. Smith and it is hoped that other citizens of the state will avail themselves of a like service which is given without any cost. —W. C. W.

manufacturers, dealers, and consumers	1,576,750
Taxes on occupations, acts, and privileges	1,118,856
Stamp taxes on legal and business transactions and documents	718,482
Insurance taxes	123,657
Taxes on distilled spirits	112,826
Taxes on oleomargarine	5,435
Miscellaneous	32
Total	\$162,665,947

As already noted, one hundred and eight millions of this grand total went as taxes on floor sales and for stamps on manufactured tobacco products, at the rate of three hundred and forty-six thousand dollars a day throughout the working year. A whale of a business—that! Our forty-eight factories consumed 158 million pounds of raw tobacco—which is nearly exactly equal to half the total crop of the state in 1920. The tobacco taxes they paid were more than double the total of New York, our nearest competitor. But unlike New York, the business in North Carolina is distinctly native. The raw material for the most part is native, and our farmers get money out of it—in good years, millions of money. Our warehousemen and factory operatives are native, and they spend at home their millions of wages and profits. The capital invested is mainly native, and the dividends accumulate in large totals in North Carolina. Tobacco gives us a long lead in the South in federal tax-paying power—a lead that our cotton mills and furniture factories have helped to establish and maintain during the last five years. And it means wealth, great wealth, in North Carolina. What else could it mean?

Income Taxes in 1920

Nearly forty-five million dollars was the total of federal taxes paid on incomes and profits by individuals, partnerships, and corporations in North Carolina during the year ending June 30, 1920. These millions were paid on taxable incomes and business profits, after all legal reductions, exemptions, and allowances were written off. Few wage earners and very few farmers have ever paid any direct federal income taxes in North Carolina. In 1917 only one farmer in every four hundred paid any such taxes in this state—not because our farmers are poor, but because the reductions and exceptions allowed by law are so

many that it is not easily possible to figure any taxable surplus above the exemption limit.

But other people and other businesses in North Carolina were rich enough to pay into the federal treasury around forty-five millions of taxes on incomes and profits in 1920. They paid seven times as much into the federal treasury as two and a half million people paid into the state treasury the same year.

It proves one thing, to wit—that wealth is not equally distributed in North Carolina; which is only saying that North Carolina is measurably like every other country in Christendom. But it does not prove that North Carolina is a poor state—not when twenty-two thousand persons and forty-two hundred corporations within her borders enjoy a net taxable income of a hundred ninety-seven million dollars, and a gross income of nine hundred eighty-two millions!

New York state is teeming with farmers and small wage-earners who pay no federal income taxes, but it would be childish to say that New York is therefore a poor state. The great majority of our people pay no federal income taxes, but it is absurd to say that North Carolina is therefore a poor state.

Millions by the Mass-s

Nearly two and a half millions—exactly \$2,415,861—is what we paid into the federal treasury last year in taxes on railway and steamboat tickets, sleeping car berths, freight and express charges, telephone and telegraph messages. But we paid it willingly, a few cents at a time, and hardly felt it. The total is almost exactly what we paid into the state treasury in 1919 on the ad valorem taxables of the state. But we paid this tax into the state treasury in lump sums at particular times, with something like the feeling we have when we surrender an eye-tooth to a dentist. And a proposal to increase the rate a mill or two throws the state into convulsions from end to end.

We surrender nearly six millions a year in federal taxes on travel, freight, and communication, on legal and business documents, on soda fountain drinks, perfumes, cosmetics, patent medicines, carpets, jewelry and fine clothing, on picture shows, circus, theatre, and carnival tickets, and the like. We do it eagerly, a few dimes at a time, and never feel it, but all together we spent in these ways in 1920 four times as much as we spent to keep our thirty-one colleges alive.

If these facts from the last report of the Commissioner of Internal Revenue prove anything, they prove that we are rich and do not know it—that we spend lavishly in private indulgences and grudgingly in public enterprises. They prove that we have money in abundance to spend upon anything we really want, but they convey no hint whatsoever of poverty in this state. E. C. Branson.