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THE NORTH CAROLINA CLUB
YEAR BOOK, 1916-1917

UNIVERSITY OF NORTH CAROLINA

WEALTH AND WELFARE IN NORTH CAROLINA

THE OLD NORTH STATE

DR. ARCHIBALD HENDERSON

TIN THE HEARTS of all of us, I dare say, there is a deep, abiding affection and reverence for the virtues of a people who throughout an historic past, have given to North Carolina the rich, mellow name of the Old North State.

I sense those ancient virtues as a fragrant breath from some distant garden of old-fashioned flowers—a full-blooded parochialism redeemed by the abiding love of Christian faith, of family, of fireside; an inflexible integrity which puts love of the truth and passion for the making of men above love of place and passion for the making of money; a rugged provincialism which had its roots firmly fixed in a love of naturalness and a scorn for all pretense; a granite conservatism which cherished tradition and ever looked with stern disfavor upon the new and the empiric.

This is the Old North State—always fighting for her rights while neglecting her interests; generous, reckless, romantic, improvident, unpretentious, chivalrous, and brave.

In our hearts is enshrined the figure of the most venerable, the most American of all the sisterhood of American commonwealths—the unpretentious, homespun, yet infinitely lovable Rip Van Winkle of the states.

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FOREWORD

This bulletin gives to the public the studies of the North Carolina Club at the University of North Carolina during the college year 1916-17.

A glance at the table of contents will show that the Club has been puzzling at the problems of Wealth and Welfare in the home State. The inquiries of the year were: (1) What are the sources of primary wealth in North Carolina? (2) How much wealth, total and per capita, have we been able to accumulate in the two and a half centuries of our history, and what are the forms of it? (3) What business uses are we making of our wealth? (4) What are the civic and social uses of wealth in the State? and (5) How does North Carolina rank in all these particulars among the states of the Union?

The Club believes with Emerson, that the true test of a civilization is not in the census nor the size of cities nor the crops, but in the kind of men the country turns out; and with Luther, that the prosperity of a country depends not on the abundance of its resources nor the strength of its fortifications nor the beauty of its public buildings, but on the number of its cultivated citizens, its men of education, enlightenment, and character.

But it also believes that wealth is the material basis of welfare and well-being; that a fundamental problem of democracy is the conversion of wealth into weal, wealth into commonwealth, and commonwealth into common weal; and that when private wealth is rightly related to community weal, when wealth and commonwealth are one, increasing progress will no longer mean increasing poverty, and increasing magnificence increasing misery among men.

The primary wealth created in North Carolina year by year, by our farms and forests, mills and factories, fisheries, mines and quarries is now around 500 million dollars, while the estimated true wealth of all our properties in 1912 was 1,807 million dollars, as reported by a Census Bureau Bulletin in 1915. Which is to say, every three and a half years or so we create a greater volume of wealth than we have been able to accumulate and retain in two and a half centuries.

Our wealth-producing power is enormous, our wealth-retaining power is feeble; and this fatal defect in our economy cripples, hinders, and retards every business, everything, and everybody in the State—every civic, social, and spiritual enterprise of our developing democracy.

What James Stephens says of Mary Makebelieve's lank, heroic lover has long been true of the Tarheel: His ally and stay has been hard-

ship, and there is no better ally for any man; that satisfied and the game is up; for hunger is life, ambition, good-will, and understanding, while fullness is all those negatives which culminate in greediness, stupidity, and decay.

But the time is now at hand when North Carolina must produce greater wealth, and retain a greater share of the wealth she produces, when she must apply it in larger measure to the development of her natural resources, and surrender it more liberally to community and commonwealth progress and prosperity, when she must gird up her loins for greater achievements of every sort during the next quarter century.

Such in brief are some of the convictions of the North Carolina Club at the University, produced by the studies of the year in Wealth and Welfare in Carolina.

As for the Club itself—its organization, purposes, plans, and methods of work—a full account can be found by interested people in the Foreword of the first Club Year-Book for 1915-16, and in the *University News Letter*, Volume III, No. 40.

E. C. BRANSON, *Editor*,
Professor Rural Economics and Sociology.

Officers and Membership, 1916-17

PRESIDENT, J. A. Capps, Gaston County; SECRETARY, S. H. Hobbs, Jr., Sampson County.

STEERING COMMITTEE: E. C. Branson, Wake County; J. A. Capps, Gaston County; S. H. Hobbs, Jr., Sampson County; D. E. Eagle, Iredell County; R. E. Price, Rutherford County; E. R. Rankin, Gaston County; C. C. Miller, Watauga County; and W. E. Price, Rockingham County.

PUBLICITY COMMITTEE: R. H. Thornton, Virginia; W. H. Stephenson, Wake County; and Forest Miles, Warren County.

The membership in 1916-17 was: Alamance County, W. B. Anderson, D. V. Carter, J. M. Arnett; Alexander, L. P. Gwaltney; Alleghany, A. O. Joines, J. B. Hash; Buncombe, E. O. Roberts, R. J. Crowell; Caldwell, E. A. Dobbins, E. L. Spencer; Carteret, A. W. Daniels; Caswell, J. E. King; Chatham, J. E. Smith; Cleveland, R. M. Ross, W. G. Burgess; Craven, E. Merritt; Davidson, J. C. Reid, E. A. Kendall; Gaston, C. C. Carpenter, J. A. Capps; Guilford, A. M. Lindau, W. R. Kirkman, Ralph Williams, D. Harris; Harnett, J. P. Washburn, W. B. Johnson; Haywood, H. H. Crawford; Iredell, D. E. Eagle, H. G. Baitey, Watt Eagle; Macon, J. W. Jones; McDowell, G. C. Little; Mecklenburg, M. H. Randolph, S. B. Tanner; Montgomery, L. E. Chapelle, R. P. Currie; Moore, B. I. Barber; New Hanover, G. T. Sternberger; Onslow, B. C. Brown; Orange, L. H. Jobe, M. B. Fowler, E. K. Graham, J. G. deR. Hamilton, R. F. Brown; Pitt, R. S. Harris; Randolph, W. B. Norment; Robeson, Gregory Allen, D. P. McKinnon, W. H. McDougal; Rockingham, W. E. Price, L. H. Hodges, T. D. Stokes; Rowan, H. V. Koonts; Rutherford, R. E. Price; Sampson, J. V. Baggett, W. E. Matthews, R. F. Moseley, S. H. Hobbs, Jr.; Surry, R. H. Riggs, C. F. Crissman; Union, M. Green, H. B. Simpson, B. C. Harrell; Wake, E. C. Branson; Warren, F. G. Miles; Watauga, C. C. Miller; Wayne, G. M. Norwood; Wilson, W. B. Barnes; Yadkin, P. B. Eaton.

The Wealth Produced by Carolina Farms

S. H. HOBBS, JR., *Sampson County*

1. The Bulk Total

The agricultural wealth created in North Carolina in 1915 by crops alone amounted to \$202,000,000. Now, if we add to this sum the wealth created by livestock, we have a grand total of \$242,000,000.

This grand total is more than double the wealth created by any other single industry in North Carolina; and in order that we may catch a glimpse of what agriculture means in this state, let us make a few comparisons with the wealth created by other wealth-producing agencies in North Carolina.

1. Let us take manufacture. In 1914 our manufacturing establishments created a total wealth amounting to \$119,000,000. That is to say, this value was added to the raw materials used in manufacture. The total value of our manufactured output was \$278,000,000, the value of raw materials used was \$159,000,000, and the added value was \$119,000,000. Manufacture ranks next to agriculture in North Carolina in the creation of wealth and gets that rank even though it creates less than half the wealth created by agriculture.

2. Let us compare the annual wealth created on our farms with our total bank capital in 1915. The total banking capital of the state amounted to \$20,000,000. Now, if we divide \$242,000,000 by \$20,000,000 we find that it goes twelve times. In other words, our banking capital is about one-twelfth the wealth created by agriculture year by year.

3. Bank account savings in North Carolina in 1915 amounted to \$2,000,000 more than our bank capital. The people of this state have stored away for a rainy day \$22,000,000, or less than one-tenth the wealth created by agriculture in a single year.

4. In my opinion, the most significant comparison of all is the agricultural wealth created in 1915 contrasted with our total bank resources. The banks of this state have been able to accumulate resources amounting in round numbers to \$148,000,000. It is immensely significant that the wealth created by agriculture in a single year is \$94,000,000 greater than the resources our banks have been able to accumulate in 250 years.

5. The wealth created by mining in 1915 was \$3,583,000; by fishing (in 1914), \$1,800,000; by lumbering (in 1914), \$23,000,000, and by manufacture of all sorts (in 1914), \$119,000,000. Which is to say, our mines, forests, fisheries, and factories create some \$147,000,000 of wealth yearly. But agriculture creates a total nearly twice as great as all these wealth-producing agencies combined.

6. In 1914 the total tax value of all property in this state amounted to \$807,673,000. In 1915 the total wealth created by agriculture amounted to \$242,000,000. In other words, we create by agriculture in three and one-third years as much wealth as the state has been able to get on the tax books during her entire history.

7. We have proper pride in the fact that North Carolina leads the South in the annual output of our lumber camps and wood-working establishments. In 1914 the products they turned out were worth \$57,000,000; but our corn crop alone in North Carolina was worth \$57,500,000, and in 1915 it was worth \$64,000,000.

8. We have long been fascinated by the gold possibilities of North Carolina. And our annual output is more than two-thirds of the total for all the eastern states. In 1916 the gold we produced was worth the amazing sum of \$26,000. But in 1916 we produced \$129,000 worth of wool. Our beeswax alone was worth more than three times the gold produced last year.

2. Reflections

Now, having it clearly in mind that agriculture produces twice as much wealth in North Carolina each year as all other industries combined, and by virtue of that fact is the fundamental basis of North Carolina economy, let us consider a few related facts.

North Carolina civilization is predominantly rural. Our country dwellers outnumber our city and town dwellers more than six to one. Nearly five-sixths of the school children of the state are country children. Nearly four-fifths of all church members in North Carolina are in the countryside. The white voters in our country precincts outnumber the white voters in our towns and cities nearly six to one.

Barely more than 500,000 people in North Carolina in 1910 lived in towns and cities or in incorporated places of any size whatsoever. Nearly one million seven hundred thousand of our people lived in the open country. They were seventy-nine in every hundred of our total population.

If democracy concerns the welfare of the greatest number, then country civilization in North Carolina deserves to occupy the largest place in the activities of both the church and state. Legislation should concern farm interests first and foremost, and in all legislation the welfare of the farmer should be safeguarded. Agriculture has long been a small detail of state and national legislation. Constructive measures planned for the best good of the greatest numbers in North Carolina must have to do with country people. In the future when men are looking about them to see where they can do the largest constructive work, let them look to the countryside.

3. Agricultural Needs

Many country-life problems confront the state and the nation, and various solutions have been proposed. People have thought that the main problem concerns a back-to-the-farm movement, but this is not the case. On the contrary, the great problem concerns making country-life efficient, satisfying, and wholesome for those who choose to remain on the farm. Of these three, efficiency is the one our farmers need most to be concerned about at present, and the one to which agricultural economists have given most time and attention.

Efficiency means the largest returns for the smallest investment of time, labor, and capital; the lowest production costs and the widest margin of profits.

Among the many things involved in farm efficiency are crop production and soil conservation, agricultural industries, the protection and preservation of livestock, marketing at fair prices, collateral, thrift, and at present the biggest concern of all—farm credit. Among other concerns are health, education, improved roads, telephones, rural mail routes, schools, home comforts and conveniences.

4. Constructive Measures

The other night before the Association of Commercial Secretaries in Cleveland, Ohio, Hon. David H. Houston, our Federal Commissioner of Agriculture, offered some constructive suggestions of fundamental character. He said that the next great thing to do is to awaken urban communities and business men to a lively sense of their responsibility toward agriculture and rural life, and to enlist their constructive efforts in behalf of rural improvement and prosperity. The farmers' problems cannot be solved by farmers alone, nor by business men alone. Secretary Houston says that experience has taught him the necessity of enlisting for the betterment of rural life the support of the town, of its commercial organizations, and its business leaders. Agricultural agencies have in the past dealt chiefly with farmers and farm organizations. As a result, business men have displayed very little interest in the betterment of rural life. Rather, they have spent their time building up great industrial centers, rivaling the world in manufacture, and trying to make each city larger by the next census. In the meantime, they have left agriculture alone, because it was assumed to be a natural monopoly and could take care of itself. As a consequence we find big centers of industry surrounded by poorly developed agricultural regions. Financial disadvantages result from this state of affairs, and alert business men in self-defense have begun to manifest an active interest in agricultural betterment.

We are too prone to indulge in praise of farm life and in flattery of farmers and are too little disposed to take active steps to lend aid to that element of our population that produces the greatest volume of wealth year by year. President Wilson was right when he said, "It has, singularly enough, come to pass that we have allowed the industry of our farms to lag behind the other industries of the country in its development." The backbone of a civilization is its agriculture, and not to let it prosper along with other industries is short-sighted wisdom or positive folly.

"A new attitude must be assumed and a sense of responsibility aroused, even on the basis of enlightened selfishness. Business men and business organizations must join the other great elements of society and become effective students of agricultural problems and efficient instruments in bettering agricultural life. The problems are exceedingly numerous and sufficiently difficult to tax the best thought of the best men of the nation."

Economists should busy themselves with studying agricultural problems. Heretofore they have been concerned with transportation, public debt, banking, and economic theory, while only a few have shown any appreciation of the problems vexing the twelve million farmers of the nation and the two hundred and fifty thousand farmers and their families in North Carolina.

Business men are involved with their immediate concerns and neglect the development of a progressive farm community about them. They must awake to the fact that farmers need their support, and to give it to them is for their mutual and financial benefit. They must study the problems confronting the farmer and help him solve them. They must help him create a ready market for his home-raised food and feed supplies. They must help him secure credit at reasonable rates. Formerly his credit facilities have been sadly neglected and he has suffered untold loss of wealth thereby.

Let it behoove the powers of this state to aid the people who are four-fifths of our population and who produce twice as much wealth as all other industries in the state combined—our farmers and their families in the countryside.

SOURCES OF INFORMATION:

Federal Crop Reporter, Feb. 29, 1916.

Federal Census of Industries, 1914.

Report State Corporation Commission, 1916.

Report Comptroller of the Currency, 1915.

N. C. Geological and Economic Survey, Press Bulletin No. 159.

Report of the Mint, U. S. Treasury Department, October, 1917.

U. S. Census, 1910.

Address D. H. Houston, Federal Secretary of Agriculture, Cleveland, Ohio. Press report.

Industrial Wealth Created in North Carolina

W. E. PRICE, *Rockingham County*

At the second meeting of the North Carolina Club for the year 1916-17 Mr. W. E. Price of Rockingham County presented for discussion *The Primary Wealth Produced by Manufacture in North Carolina* in 1914. The paragraphs that follow summarize the report and the discussion:

Nearly 120 Million Dollars

Our latest figures come from the Federal Census of Industries covering the year 1914. Here we find that the value added to raw materials by the processes of manufacture in our 5,507 establishments amounted to \$119,000,000; in which particular North Carolina led the thirteen Southern states.

Manufacture ranks next to agriculture among the producers of primary wealth in the state, although it produces less than half as much wealth, the total for the farms in 1915 being \$242,000,000.

Manufacture is a big detail in North Carolina life. In 1914 it employed capital amounting to \$253,842,000, engaged 151,333 persons, dispensed \$56,283,000 in salaries and wages, and turned out products valued at \$289,412,000.

Manufacture in North Carolina increases at amazing rates. In 1850 the product of manufactures, mines, and mechanic arts amounted to only \$9,111,000. The total in 1914 represents a gain of more than three thousand per cent.

In the ten-year period from 1904 to 1914 our cotton mills increased from 212 to 293; our hosiery and knitting mills 40 to 74, our carriage and wagon factories from 125 to 137, our furniture factories from 105 to 109, our cotton oil mills from 43 to 62, and our fertilizer factories from 27 to 41.

Our textile products increased in value in round numbers from \$51,000,000 to \$99,600,000; our tobacco factory products from \$28,000,000 to \$57,800,000; our cotton-seed products from \$3,705,000 to \$15,000,000; and our fertilizer products from \$3,000,000 to \$10,000,000.

Carolina Leadership

At the close of the five-year census period in 1914 North Carolina led the thirteen Southern states:

In the average number of industrial wage earners, 136,840.

In the primary horse-power employed in manufacture, 508,236.

In the total annual wages paid, \$46,038,000.

In the value added by the processes of manufacture, \$119,470,000.

In the ratio of increased value due to manufacture, 26 per cent.

In the number of textile mills, 367.

In the amount of raw cotton consumed in manufacture, \$68,748,000.

In the total value of our textile products, \$99,636,000.

In the variety of cotton goods produced.

In the number of furniture factories, 109.

And in the manufacture of chewing and smoking tobacco we led the whole United States.

Viewing our manufactures in detail we find that in 1914 five big industries were producing 83 per cent of the total value of our manufactured products. Arranged in order of importance they were:

Textile mill products	\$99,636,000
Tobacco factory products	57,861,000
Timber and woodworking products.....	57,000,000
Cotton-seed mill products	15,269,000
Fertilizer products	10,308,000
Miscellaneous products	40,350,000

Home Furnished Materials

In several respects manufacture is carried on in North Carolina under ideal conditions.

First. For the most part our mills and factories use raw materials that are produced abundantly in North Carolina. Our cotton mills now consume all the cotton the state produces—last year 353,000 bales more than we produced. In 1915 we produced nearly 200 million pounds of tobacco worth \$22,221,000; but our tobacco factories in 1914 consumed raw material worth some two million dollars more than our 1915 crop. Our timber and wood-working establishments multiply and flourish because lumber is abundant and cheap in North Carolina. In 1915 we ranked among the first four states in the production of softwood lumber, and among the first ten in hardwood production. The materials consumed in 1914 by our factories producing furniture, carriages, and wagons, cars and coffins amounted to \$9,795,000; but our lumber camp and sawmill products amounted to \$16,320,000.

Because our leading industries are based directly on our own home-produced materials, the additional wealth they create remains at home for the most part to reward North Carolina wage-earners and investors, merchants and bankers.

Second. Tobacco factories and hydro-electric concerns excepted, manufacture in North Carolina is carried on by many small corporations in a large number of small enterprises. The wealth created, therefore, tends to be rapidly and evenly distributed among many people.

In the North and East the reverse is true. There the tendency is toward a small number of large plants rather than a large number of small plants. In consequence there is a startling concentration of wealth in the hands of a few people and widespread poverty and distress among low-grade workers and their families. Dr. Scott Nearing reports that nine-tenths of the wage-earners in the great industrial area north of the Ohio and east of the Mississippi do not receive wages sufficient to keep their families above the poverty line. A recent report of the United States Public Health Service shows the same distressing facts.

No such poverty and distress exist in the industrial centers of the South. For instance, a coöperative mill company is being organized in Gastonia; the stock already subscribed amounts to \$54,000, and it has been taken largely by cotton mill operatives—superintendents, floor bosses, spinners, and weavers. Even the doffer boys are taking a share or two.

On the other hand, our tobacco factories and hydro-electric concerns are controlled by large corporations. The tobacco business is rapidly coming into the hands of a few big companies that are centralizing their plants. In 1904 there were 55 tobacco factories in the state; in 1914 there were but 36. During the same period, however, the value of tobacco products was doubled.

Of the water power developed in the state, two corporations in 1915 controlled 75.1 per cent. These same concerns controlled 66.5 per cent of the total power of the state—water, gas, and steam. Eight companies controlled 94 per cent of the developed water power of the state, and fourteen corporations controlled 89.1 per cent of our total power; or so reads the report of the Federal Secretary of Agriculture, made to the Senate, January 20, 1916.

SOURCES OF INFORMATION:

The 1914 Census of Manufactures.

The U. S. Census, 1850.

Electric Power Development in the U. S.—Letter of D. H. Houston, Secretary of Agriculture, to the 64th Congress, 1st session, Document 316, Jan. 20, 1916.

Burch and Nearing's Elements of Economics.

The Wealth Created by Our Forests and Wood-lots

J. V. BAGGETT, *Sampson County*

The forests of North Carolina contain a greater variety of valuable commercial timber trees than any other state in the Union. Yellow pine and cypress, yellow poplar and gums, holly and juniper, walnut and cherry, locust and chestnut, all the oaks and hickories, and almost any other wood demanded by the industries of the country can be obtained in North Carolina.

Our Forest Products

Much of our timber has already been cut, but there are many billions of feet of valuable lumber still on the stump. It is estimated that there are at present some 430 billion board feet of our standing timber, in which particular North Carolina ranks among the first four states of the Union.

With such a wide variety of timber trees, and with such an enormous amount of standing timber, North Carolina is attractive to the investor. We have raw materials and labor in abundance. What we need is capital, industrial engineers, and skilled craftsmen to convert our timber into marketable products of wider variety and greater value.

The wooded area of North Carolina is nearly 22 million acres. Some 7 million acres are in forest growths that yield an annual output of two billion board feet of lumber and fifty-two million shingles. Our lumber camps, sawmills, and crate factories in 1914 produced a total wealth amounting to twenty-three and a half million dollars.

Our Wood-lot Products

In addition to our forest areas we have nearly thirteen million acres in farm wood-lots. These are wooded areas of various extent within farm limits, and usually they are covered with second-growth timber of various kinds. These wood-lot products are firewood, fencing material, logs, railroad ties, telegraph and telephone poles, material for barrels, naval stores, and the like. The total wood-lot wealth produced in North Carolina in 1910 was eleven and one-half million dollars, and in this respect we lead the whole United States.

Total Annual Wealth \$35,000,000

Combining the wealth produced by our commercial lumber companies and sawmills with the total produced by our farm wood-lots, we have a grand total of thirty-five million dollars. That is to say, the primary

wealth produced by our forests and wood-lots is greater by ten million dollars than the product of our cotton-seed mills and fertilizer factories combined.

Who, then, can say our vast wilderness area is worthless? The truth of the matter is that our cotton and corn crops alone produce greater wealth in North Carolina than our woodland crop of lumber, shingles, firewood, fencing, poles, posts, and the like.

Based on our abundant production of cheap lumber by our lumber camps and sawmills is the wood-working industry of the state, which in 1914 turned out products worth \$57,000,000—a total almost exactly equal to the output of our tobacco factories.

Resources and Rank

Our timber supply is far from exhaustion, and with even ordinary prudence it will continue to be one of our most valuable natural resources. Unfortunately, we are not yet exercising even ordinary prudence, as evidenced by the vast destruction by forest fires, mainly in our free-range counties.

When compared with other states of the Union, North Carolina makes a wonderful showing. We rank first in the United States in the production of wood-lot wealth. Possibly for this reason nobody was ever known to freeze to death in North Carolina. We rank among the first four states in the amount of standing timber. We rank fourth in soft-wood lumber production, fifth in yellow poplar and yellow pine, sixth in red gum, sixth in chestnut, eighth in oak lumber, eighth in cypress, eighth in cedar, tenth in hemlock, tenth in basswood, and second in tupelo. We also rank among the first six states in the amount of lumber produced, 2,090,000,000 board feet in 1915.

Woodworking Industries

What, then, are our possibilities? In 1914 one hundred and nine furniture factories in the state utilized four million eight hundred dollars worth of material, and placed upon the market nearly ten million dollars worth of goods. Our furniture factories used more wood than in any other state in the Union; and it came mainly out of our own forests at a cost less than the average in ten of the leading furniture-making states, and seven dollars per thousand feet less than the average of the country at large. Excellent opportunities are open in North Carolina for wood-working establishments of every sort, and under proper management they will yield amazing profits on the capital invested.

Wood-Pulp Possibilities

The *University News Letter* on October 18, 1916, carried an article on Wood-Pulp Plants. In order to show the further possibilities of in-

creasing the wealth of our state from forest and wood-lot resources, I insert here a part of that article:

"Only about a third of the average yellow pine tree reaches the market as a merchantable product. Two-thirds of the tree is waste. Some of the slabs are used as firewood, but the most of it rots in the woods. But a cord and a half of yellow pine waste makes a ton of kraft paper, and the profits on a ton of such paper in a well designed, well managed mill should not be less than one hundred dollars. If capital, technical skill, and business efficiency can get a clear profit of one hundred dollars out of a cord and a half of firewood or mill waste, then there seems to be a chance for wood pulp plants in North Carolina.

"And the margin of profit on wood pulp and paper has been tremendously increased by the recent rise in paper prices. Print paper, for instance, has risen from \$3 to \$6.50 per hundred pounds within the last few months, while the prices of stationery stock and wrapping paper have also more than doubled.

"But it is a far cry from a cord and a half of pine waste worth \$4.13 at the mill to a ton of kraft paper bags worth \$240 when unloaded in a grocery store. Between these two extremes lie specially trained chemical engineers and skilled workers in a technical trade. We have the raw material and unskilled labor in a plenty. But what we not only need but must have before these can be utilized are capital and technical skill."

The figures above quoted were given by Arthur D. Little, the wood-pulp expert, in the *Manufacturers' Record*, September 14, 1916. The wood-pulp possibilities of North Carolina have since been explored by three students of the University of North Carolina, in the department of Rural Economics and Sociology: in the mountain regions by E. O. Bacon, Catawba County, and in the lower Cape Fear country by Leo Carr and J. B. Hill, Duplin County.

SOURCES OF INFORMATION:

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U. S. Census, 1910.

U. S. Census of Industries, 1914.

Report State Labor Commission, 1916.

Manufacturers' Record, September 14, 1916.

News-Print Paper Industry. Senate Doc. No. 49, 65th Congress, 1st session.

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The Wealth Produced by Our Fisheries, Mines, and Quarries

L. H. HODGES, *Rockingham County*

CAROLINA FISHERIES

At the last meeting in October the North Carolina Club heard a report on The Wealth Produced by Our Fisheries, the discussion being led by Mr. L. H. Hodges of Rockingham County.

The commercial output of sea foods in North Carolina in 1908, the date of the latest authoritative figures, was \$1,839,249. The fishing industry produced \$1,776,000 of this total, and oystering the rest.

Our total catch of fish was 97,000,000 pounds, exceeding that of 1902 by 35,000,000 pounds, but the value was but 4 per cent or \$39,000 greater. This was due to the immense catch of small menhaden and mullet.

Our oyster catch in 1908 was only 210,832 bushels, while in 1902 we got from the same waters 693,516 bushels. Our catch for 1911 did not amount to \$50,000, while the oysters Virginia got from her beds were valued at \$3,700,000, or seventy times the value of our catch the same year.

In 1908 there were 9,681 persons employed in the fishing industries of the state, says Dr. Joseph Hyde Pratt, our State Geologist, but the 1910 census reports only 3,030. There was invested in this industry about \$1,000,000, mainly in boats, apparatus of capture, and shore properties.

A most hopeful industry is the production of soft-shell crabs in cribs. In season, these shipments reach amazing totals, 2,000 dozen a day from Morehead City alone. The crab industry in Virginia in 1915 amounted to \$316,000. There is chance for a large expansion of this industry in North Carolina.

Wasted Opportunities

We have wasted our opportunities in the fish and oyster industries of the state. The abundance of inland waters peculiarly adapted to commercial fisheries makes it easily possible for North Carolina to hold a high place. As it is, we rank eleventh among the Atlantic and Gulf states. Other states with possibilities less than ours have developed their fisheries. The ascendancy of these states results from the enforcement of regulations that allow a reasonable catch from their fishing grounds, and yet preserve the supply of succeeding years.

Our decreasing fish industry has been due to fishing with all kinds of apparatus, and to the wholesale violation of laws passed to regulate the industry. Our decrease has been largely in shad, herring, and oysters.

We ought to be able to provide for home consumption and then have a large surplus for an export trade in fish and oysters. On the contrary, North Carolina is obliged to import fish and oysters from other states. Gloucester, Massachusetts, ships boneless fish into Dare County, North Carolina. Amazing!

Instead of being worth from \$7,000,000 to \$8,000,000, our annual product of sea foods is worth less than \$2,000,000. North Carolina is hardly in the running, said the Virginia investigator of fisheries.

Another main reason is that fishing and oystering have been looked upon as a county or local problem, instead of a state-wide concern. This attitude caused the defeat of a bill in the Senate in 1911 for the state-wide regulation of our fish and oyster industries. However, since that time we have secured a new fisheries law. It is said to be the best law on this subject in the United States. It will promote these industries—if properly enforced.

Our New Fisheries Law

“And Virginia used to buy oysters by the ship load from this state,” says Senator J. S. McNider of Perquimans, chairman of the Fisheries Committee. “Now we buy ’em from Virginia. The changed conditions in Virginia are due entirely to the beneficial effects of a law like the one we have just passed in the Senate. The law has been in operation there fifteen years. It brings in an average revenue to the State of \$38,540 in excess of all expenses.

“Rhode Island has also found this law highly profitable—as every State has done where it has been put into effect, and as North Carolina will find also.

“In the opinion of men competent to judge, the fish and oyster industries of North Carolina can be developed to a point superior to that of Virginia’s. And Virginia last year sold \$3,700,000 worth of oysters alone—don’t forget that important fact.

“North Carolina enjoys what is known as ‘closed waters’—that is, waters entirely under the control of the State, which is a vital advantage.

“These closed waters and state control will assure us of the Federal Government’s most active coöperation. The National Government has a larger interest in the food supply of the country than that of the individual states, and to those states exercising control of its fish and oyster industry it extends most valuable assistance, indeed.

"The people of North Carolina now recognize the fact that its fishing industry is no longer a local matter. It is both a revenue and a vital food question. Shad that used to cost 25 cents now cost \$1.25 to \$1.50. Shad used to be found as far west as Wilkes, 451 miles from the sea, in Chatham and in Moore. They are about as rare there now as teeth in a hen's mouth.

"The fish commission will not cost the state over \$10,000 annually, and will soon result in producing larger quantities of a valuable food and at much lower prices than now prevail.

"This has been Virginia's experience, and it will be ours. Therefore, the man living in Murphy has as much interest in conserving the sea food of the state as the man living at Manteo."

OUR MINES AND QUARRIES

At the same meeting the North Carolina Club considered The Wealth Produced in North Carolina by Mines and Quarries, the discussion being led by Mr. L. H. Hodges.

The total primary wealth produced by the mines and quarries of the state in 1915, said he, was \$3,583,000, and our rank was fortieth among the states of the Union. The total was not great, but it was a gain of 1,650 thousand dollars in five years. In variety of mineral resources North Carolina is not surpassed by any equal area in this or any other country. Unfortunately, the most valuable of our minerals are not found in commercial quantities.

Leading Mineral Industries

Our leading mineral products, named in the order of their importance, are (1) stones for building, paving, curbing, and concrete; (2) brick and tile, pottery, pottery clay, and kaolin; (3) mica; and (4) gold. These four leading industries in 1915 produced a little more than \$3,000,000 of the total mineral output of the state.

Our clay products, mainly bricks, piping, tile, and pottery, in 1915 reached a total of \$1,234,000. In this particular North Carolina occupies tenth place among the Southern states. Wayne County leads, followed by Wake and Guilford. North Carolina leads the Union in the production of kaolin, a high-grade, white-burning clay used by potters. It is found in Jackson, Macon, Swain, and Mitchell.

Our stone quarries produced in 1915 a total of \$1,438,000 in granite, sandstone, concrete material, building stones, building blocks, and the like. Here is nearly a sixfold increase in ten years. A Mount Airy

company produces more granite than any other similar concern in the South. Surry leads in stone production, followed by Rowan and Mecklenburg.

Our mica industries reached a total of \$300,000 in 1915, and North Carolina is the largest mica producer in the United States. It is the standard mica of the country and commands the highest prices. In truth, she produced in two years more than two-thirds of the total of the entire country. Mitchell leads in the industry, followed by Yancey.

Our gold output is not very great, producing in 1913 only \$126,448. In this year, however, we produced nearly four-fifths of the gold output east of the Mississippi. The gold of North Carolina is of fine quality, but it is mainly silicious ore, difficult to reduce. Montgomery County produces about nine-tenths of the gold and silver of the state. In 1916 our gold production fell to \$26,000, and iron rose to the place of fourth in importance among our mineral products.

Iron ore mining is confined almost entirely to the magnetic ore field in Avery; and talc production to Moore County.

Talc and mica are produced in larger quantities in North Carolina than in any other state, and their quality is the best in the world.

North Carolina is the best open text-book in the United States for the field study of mineralogy. The state is like a drummer's sample case. Two hundred and ten, or more than two-thirds, of the minerals of the world are found in the state. Our deposits are many but small and scattering. Our most promising possibilities are in our clay and stone industries, and in our kaolin and feldspar deposits.

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Bulletins U. S. Geological Survey, 1915.

N. C. Geological and Economic Survey, Press Bulletin, No. 159.

Speech of Senator J. S. McNider, N. C. Legislature. Press report.

The Accumulated Wealth of North Carolina

E. A. KENDALL, *Guilford County*

The first four studies of the North Carolina Club this fall disclose a production of primary wealth in the state in 1915 amounting to \$401,892,000, as follows:

By Agriculture in 1915	\$242,000,000
By Manufacture in 1914	119,470,000
By Forests and Wood-lots.....	35,000,000
By Mines and Quarries in 1915.....	3,583,000
By Fisheries in 1908.....	1,839,000

It is a huge total, but the average is only \$169 per inhabitant, counting men, women, and children, or \$845 per family. Beyond the bare cost of food in the South Atlantic states in 1910, this figure represents a possible surplus of \$84 a year per person, for shelter, light and warmth, clothing, drugs and medical attention, school books, papers, and necessary sundries. Since 1914 the cost of food has almost exactly doubled in price, and this slender margin has well-nigh disappeared in the homes of wage and salary earners, in spite of the fact that our production of primary wealth is now a hundred million more than it was the year the World War began.

Our Total Wealth in 1912

According to a 1915 Census Bulletin, the total wealth of North Carolina in 1912 was \$1,807,574,000. This total covers all properties whatsoever, and represents the wealth accumulated in the state during her entire history.

A little figuring will show that every four years in North Carolina a million people, ten years old and over, engaged in gainful occupations, create as great wealth as the state has been able to retain and accumulate in 250 years. Every two and a half years the farmers of the state create a wealth in crops, live-stock, and live-stock products greater than the grand total of farm properties accumulated on our tax books since Drummond's day.

All of which means that we create wealth wondrously in North Carolina but retain it poorly. We produce it, but it slips out of our hands and disappears out of the state to enrich aliens and strangers in other states and sections.

Comparing North Carolina with other states, on the basis of total wealth in all properties in 1912, we discover that thirty-one states have

accumulated greater totals. Nine of the thirteen Southern states make a better showing than North Carolina; and only three are poorer—South Carolina, Florida, and Mississippi.

Our Per Capita Wealth

But a comparison on the basis of totals is misleading, since the states differ greatly in area and population. A fairer comparison is on the basis of per capita wealth, which is found by dividing the total wealth by the population of each state. But while it is fairer, it lowers the rank of North Carolina to a place next above the lowest in the United States.

In 1912, the date of the latest authoritative figures, our per capita wealth in North Carolina, all properties considered, was only \$794. The average for the country at large was \$1,695. Instead of ranking thirty-second as in total wealth, our rank was forty-seventh in per capita wealth. Barring one state only, every other one of the thirteen Southern states was richer. Virginia excepted, North Carolina is the oldest Southern state, and yet only Mississippi falls below us in per capita accumulated wealth.

Our heavy negro population does not explain this state of affairs. Other Southern states have larger negro populations, but at the same time larger total and greater per capita wealth—for instance, Georgia, Alabama, Louisiana, and Arkansas.

Nor does the explanation lie in the fact that North Carolina is predominantly agricultural rather than an industrial or commercial state. Iowa is also an agricultural state—so almost entirely, but she does not suffer because of this fact when compared with other states. In per capita wealth she is richer than New York state by \$913 per inhabitant, richer than Massachusetts by \$1,600 per inhabitant, and richer than Pennsylvania by \$1,734 per inhabitant. Iowa easily proves that a well developed agriculture is a sure foundation for great wealth and not an excuse for poverty.

And the same thing appears in the case of Oklahoma, the youngest of the Southern commonwealths. Oklahoma is mainly an agricultural state. She has only \$68,000,000 invested in manufacture against our \$253,000,000. Nevertheless, in per capita wealth she ranks fourteenth among the states of the Union. She is not only the richest of the Southern states in per capita wealth, but she outranks Connecticut, Pennsylvania, Indiana, Ohio, and a dozen or so other states in the rich regions of the North and West. It is worth noting in this connection, that in the census year Oklahoma was the only self-feeding state in the South.

Our Per Capita Rural Wealth

But ignoring all other forms of wealth and all the people dwelling in incorporated towns and cities of any size whatsoever, let us consider country populations alone and the value of farm properties solely—that is to say, the wealth in farm lands, buildings, domestic animals, and farm tools and machinery.

On this basis our per capita rural wealth in farm properties in 1910, according to the last census, was only \$322. The average for the United States was \$994, or more than three times as much. Per capita rural wealth in the United States ranged from \$218 in Alabama to \$3,386 in Iowa. Our rank was forty-fourth. Only four states were poorer in farm wealth—Florida, Mississippi, Louisiana, and Alabama in the order named.

Oklahoma with a per capita rural wealth in farm properties of \$830 again led the South.

In crop-producing power North Carolina with \$24.84 per acre in 1910 far outranked Iowa with \$17.01 per acre, and Oklahoma with \$10.95; but in power to retain the farm wealth we create these states make a far better showing.

Thus we see that the low rank of North Carolina is not due to the fact that our dependence is mainly on agriculture; because other purely agricultural states both in the South and West rank beyond us.

A Cause for Our Meager Wealth

The causes of the startling differences in accumulated wealth, total and per capita, between North Carolina and other agricultural states are many and varied. The subject is complex and difficult. The second section of our Club studies this fall is concentrated upon the meager wealth-retaining power of the state, and so I merely glance at one of the causes at this time. It lies in the fact that Iowa and Oklahoma have farm systems that are better balanced than ours. We are crop farmers mainly or merely; they are live-stock farmers mainly and crop farmers incidentally. We are cotton and tobacco farmers for the most part; they are bread-and-meat farmers. We have farm supplies to buy to the amount of nearly a billion dollars a year in the South; the Western farmers have bread and meat surpluses to sell. We stay poor buying farm supplies with cotton and tobacco money; they get rich on the millions of tobacco and cotton money we send to them for the grain, hay and forage, meal and flour, poultry and eggs, butter and cheese, beef, mutton, and pork we fail to raise at home. They are self-feeding, self-financing farmers. We are cotton-raising, food-buying farmers for the most part, with a billion dollars worth of farm supplies to import year by year.

Oklahoma led the South largely because in the census year she was the only state in the South that raised food and feed enough for home consumption. She raised cotton, to be sure; but also she produced a surplus of twenty million dollars worth of bread and meat to sell abroad. Every other Southern state had enormous bills for imported food supplies, in amounts ranging from 27 million dollars in Kentucky to 221 millions in Texas.

Our own bill for imported food and feed stuffs in the census year was nearly 120 million dollars. And although we are doing better, in quite marvelous ways since 1910, our cotton and tobacco crops produce year by year barely enough to pay for the bread and meat we import from the North and West.

The plain, simple, uncomfortable fact is that North Carolina is poor—so actually and so relatively. Poor, not because we do not create great wealth year by year, but mainly because we do not retain a reasonable share of the wealth we create.

The Carolina Club is this year trying to find out the defects in our economic system, and no more important study has ever been undertaken by anybody in the State.

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Factors Involved in the Retention of Farm Wealth in North Carolina

J. A. CAPPS, *Gaston County*

The studies of the North Carolina Club this year have so far been spent upon showing (1) the grand total of primary wealth produced in the state from year to year, around 400 million dollars worth in 1915, and (2) the small amount of wealth the people of North Carolina have been able to retain and accumulate—only 1,800 million dollars worth in two and a quarter centuries; and this total covers all properties whatsoever in 1912 according to a recent report of the Census Bureau.

Three Startling Facts

Three startling facts have been brought to light:

First. In total wealth of every sort our rank is low among the states of the Union. Thirty-one states are richer than North Carolina, and among these are ten Southern commonwealths. Indeed, only three Southern states have amassed smaller totals of wealth—South Carolina, Florida, and Mississippi. But on a per capita basis we drop to a place next to the very bottom. Mississippi alone saves us from being the poorest state in the Union.

Second. We are poor not because we do not produce great wealth from year to year, but because we do not retain a reasonable share of the wealth we create. Every five years we produce greater wealth than we have been able to accumulate in two hundred and fifty years. Our farms and factories, fisheries, mines and quarries produce primary wealth at the rate of \$169 a year per inhabitant, counting men, women, and children. The average is \$845 a year per family. Recent surveys in North Carolina and Georgia show that a fair standard of living calls for \$708.87 a year per family. Here, then, is a possible annual surplus averaging \$137 per family or a total surplus of 64 million dollars a year in North Carolina. Our actual gains in taxable property have averaged 30 million dollars a year since 1902. In other words, our gain in possible actual wealth averages only 7 cents a day per inhabitant, and about half as much in taxable wealth, or 4 cents a day per inhabitant. These are gains at a snail's pace, and at this rate we are likely to trail the rear of American commonwealths for long years to come, unless a remedy can be found.

And third. The per capita wealth of our rural population in farm properties was only \$322 in the census year, and in this particular our rank was 45th in the United States. Our country people in 1915 pro-

duced wealth in crops and livestock products averaging \$102 per person, counting men, women, and children of all ages, or \$510 per family. Manifestly the average farm family in North Carolina in order to live must consume all the wealth it produces from year to year, it must live upon a meager scale, and a surplus of any size represents pinching self-denial. In farm lands and buildings, farm animals, tools and utensils, the average farm family in North Carolina in 1910 was worth \$1,610, in Oklahoma \$4,150, in Indiana \$7,190, in Kansas \$10,555, in Nebraska \$16,295, and in Iowa \$16,930.

These figures are all based on the 1910 Census of Agriculture. They exhibit startling contrasts. They challenge the intelligence of our people; not the farmers alone, but also the merchants and bankers whose prosperity is based directly on the prosperity of farms of the state. And they ought to arrest the attention of teachers, preachers, and other social servants whose success or failure depends upon the wealth of the people they serve, and their willingness to surrender their wealth for the highest ends and uses.

My own particular subject tonight concerns the accumulation of farm wealth in North Carolina.

Better Business on the Farm

The farmers of the state have too little wealth. The question is, How can they have more? They need larger farms with better buildings, more work animals, more profit-producing machinery, more cattle, pigs, sheep, and poultry, and more ready cash for operating expenses during the cropping season. They need bank accounts big enough to enable them to hold their crops until the market offers fair prices and profits. They need better dwellings, with more conveniences, comforts, and luxuries for their families. They need more money for a liberal support of schools and churches.

How can farming as a business in North Carolina get upon the basis of reasonable dividends? How can we have assured prosperity, good cheer, and high courage everywhere in our country regions? These are important questions because directly or indirectly they concern every business and everybody in the state. On the basis of per capita wealth, the richest states in the Union are agricultural, not industrial, states. Man for man, Iowa, a well-developed farm state, is richer than New York State by \$913, richer than Pennsylvania by \$1,600, and richer than Massachusetts by \$1,734.

But best of all, the wealth of agricultural communities tends to be evenly and equally distributed. They have fewer millionaires than industrial communities, but also fewer paupers, criminals, and defectives. Industrial enterprises make a few people rich; a prosperous agri-

culture makes everybody comfortable. A well developed agriculture in North Carolina is far more important to the common weal and the commonwealth than a rapidly expanding manufacture. North Carolina already has more money invested in manufacture than Iowa, by 40 million dollars; but Iowa has more money invested in agriculture than North Carolina—more by three and a quarter billion dollars! And the money on savings account in the banks of Iowa in 1915 was 10 million dollars more than the savings of the cotton belt states all put together.

I need twelve months, not twelve minutes, to consider the foundations of agricultural prosperity in North Carolina. Fortunately, the files of the *University News Letter* during the last two years are full of detailed studies of this fundamental problem, and I quote freely from this source of information.

In general, the way for a farmer or any other creator of values to come out ahead of the game is to produce at the lowest possible cost and sell at the highest possible price. If the margin between production cost and selling price is small, he can increase the volume of his profits only by increasing the size of his business.

Our farmers may never be able to control the selling price of their products in the big world markets, but they can and must keep the production costs at the lowest possible level.

Larger Farms and More Machinery

First, they must increase the average size of their farms until they can employ labor-saving farm machinery profitably. At present our farms average only 35 cultivated acres, and the acreage cultivated averages only 14.5 acres per farm worker—all of which means that the labor cost of production is kept at a high instead of a low level. The Western farmers have accumulated wealth mainly because their crops are made on medium size farms with profit-producing machinery. Hand-made products can never compete with machine-made products either on farms or in factories. In North Carolina 605,000 farmers cultivate nearly nine million acres; in North Dakota 131,000 farmers cultivate an area more than twice as large, but they do it with abundant horse and machine power. In this way they keep the labor cost of production at a minimum, and as a result their per capita country wealth is \$2,344 against \$322 in North Carolina. Their average per acre yield is small, barely more than half the average yield in North Carolina, but their yield per worker is nearly six times as great as ours. Our farm profits are consumed by the labor that produces our farm wealth. We need larger farms better equipped with farm machinery.

It is clear that farmers who cultivate only 14½ acres each upon an average, and produce only \$236 worth of crops a year, stand a poor

chance to accumulate wealth when compared with the Iowa farmers, who average 83 acres per farm worker and produce crop values amounting to \$884 per capita.

In North Carolina the average cultivated acreage per farm worker ranges from nine-tenths of an acre in Dare County to 36.2 in Alleghany. Just as these two counties illustrate the two extremes in acreage per farm worker, so they illustrate the two extremes in per capita farm wealth in the State, these being \$47 and \$560 respectively.

More and Better Livestock

In the second place, we need farms better stocked with domestic animals. In 1910 we were 63 per cent below the level of even a lightly stocked farm area.

The census shows that North Carolina in 1910 had a per capita wealth in livestock amounting to only \$28, against \$92 in Oklahoma and \$179 in Iowa. In other words, our farmers are sacrificing one of the most remunerative branches of farming for cotton and tobacco. Sufficient farm animals on medium sized farms keep labor evenly and profitably employed the whole year around, and in this way they keep the labor cost of production at a minimum. Moreover, they require and reward diversified cropping. Without them our gospel of diversified farming is pure sentiment instead of safe business. They must be sustained by home-raised grain, hay, and forage. At present we need markets for these crops far less than we need domestic animals to consume them at home. Meat, milk, butter, eggs, and poultry not only feed the farmer's family, but they turn in a steady weekly income the year around. They create bank accounts and lift mortgages, as well as increase the wealth-producing power of our farm areas. Crop farming alone means soil robbery and farm lands worn out and abandoned to scrub-pines and black-jacks. There are today 13 million acres of such land in North Carolina. Livestock farming means farming by owners, with increasing bank accounts and larger areas under cultivation. Crop farming devoted to cotton and tobacco at any price means more and more farm tenancy, smaller average size farms, larger labor cost of production, smaller profits, and less accumulated wealth year by year in North Carolina and the South. All in all, increasing farm tenancy is the direst menace to farm civilization in any land or country.

Live-at-Home Farming

In the third place, our farmers must learn the first principle of a safe agriculture, namely, that the first business of a farm is to feed the farmer, the farm family, and the farm animals. Buying farm supplies with cotton and tobacco money never yet made a prosperous farm popu-

lation in any state or county in the South. We have tried to accumulate wealth on this basis for half a century or more—long enough to know that it cannot be done, not even with cotton and tobacco selling at maximum prices. At best we enjoy a temporary prosperity in our farm regions on this basis every year or so; but in the long run we settle down at last on crop liens and impossible interest charges on money borrowed for operating expenses.

The Western farmers get rich selling us bread and meat while we stay poor selling the world cotton and tobacco. The only self-feeding farm state in the South in the census year was Oklahoma. The farmers in that state in 1910 raised standard, staple farm supplies enough for home consumption and in addition 20 million dollars worth to market abroad. While Oklahoma was exporting bread and meat we were importing them—119 million dollars worth! As a result we are worth \$322 apiece in our farm regions, while they are worth \$830 in less than a quarter of a century. We shall always need to raise cotton and tobacco in North Carolina, but while we do it we will be wise to have our barn and cribs, pantries and smokehouses filled with home-raised supplies. This simple policy in the South would increase our farm wealth by a billion dollars a year, and in ten years it would make us rich beyond the wildest dreams of avarice.

Safely Balanced Farm Systems

In the fourth place, we need to establish satisfactory credit conditions in our farm regions. Outside agencies may furnish the money, but farmers alone can furnish the credit they need, and credit means the ability and willingness of borrowers to pay what is due when it is due. That is to say, the business of farming must become well balanced, stable, and safe. We must cease to be crop farmers merely or mainly. We must rise to the level of livestock farming. Whatever else we are, we must be bread-and-meat, live-at-home farmers. Our ability to live must be put beyond the hazard of market prices. Our farm incomes must be safely distributed throughout the year, instead of descending upon us in an avalanche in the fall. When we need to borrow less during the cropping season our surplus will cease to be absorbed by the long profits and high interest charges of the supply merchants. When we cease to borrow during the cropping months we will be able to command long-time loans at low interest rates for more land, more and better livestock, better farm buildings and equipments. The business of farming cannot afford to operate upon smaller capital than other businesses. It is the biggest single business in the United States today, and like all other developing businesses it must have an assured credit basis. But it cannot pay more for money than other businesses and hope to accumulate wealth. The ruinous interest rates in our farm regions these long

years in the South are alone sufficient to explain our poverty, actual and relative. But these same exorbitant interest charges grow out of the ill-balanced, unstable, unsafe farm system of North Carolina and the rest of the South—for all of which our farmers are to blame, or most largely so.

Larger Volumes of Farm Wealth

In the fifth place, we must produce a larger volume of farm wealth by improving our system of cropping and our methods of cultivation. To this end widespread intelligence is necessary. Unschooling, unskilled labor always produces less wealth than well directed intelligence, and, what is worse, it retains less of the wealth it produces.

North Carolina stands 41st among the states in rural illiteracy. This single, simple fact serves to explain the slow disappearance of primitive agricultural notions and ancient farm methods in this state. In every county are a half-dozen or more farmers who illustrate the very best farm methods in America; but the overwhelming majority of our farmers lag behind in their ways and notions; and they will always remain behind until the bars of illiteracy are thrown down in white as well as black farm homes.

And so year after year they get all they possibly can out of an acre of ground, without any thought of preserving the land for next year's crop. Livestock, rotation, and diversification are neglected. Only the simplest hand tools and implements are used, for the most part. They refuse to use labor-saving machinery. They do not know and will not learn how to use it with advantage. Even when it is provided, it is left out in the weather to rust and rot from season to season.

The 1910 census shows conclusively that as rural illiteracy decreases the wealth-producing power of the various states increases; that the states that have the least illiteracy in the country regions have the largest crop-producing power per worker and the largest farm wealth per inhabitant; that the most illiterate states are the poorest states; that illiteracy and poverty are born twins. Iowa and Nebraska, for instance, have the smallest rural illiteracy rates in America—only 1.6 and 1.7 per cent, respectively; but also in the per capita farm wealth of rural populations they are our richest states. Their farm wealth per inhabitant is \$3,386 and \$3,259, in the order named.

On the other hand, North Carolina stands 41st in rural illiteracy and 44th in per capita farm wealth, while Louisiana ranks 47th in country illiteracy and 47th in per capita farm wealth.

More Coöperative Enterprise

And finally, our farmers must be schooled and skilled in coöperation. Named in the order of importance, the forms of coöperative enterprise

in farm business in North Carolina are: (1) coöperative credit unions, (2) mutual telephone companies, (3) coöperative selling associations, (4) coöperative farm industries—creameries, cheese factories, ham, shoulder and bacon factories, peanut product plants, and the like, and (5) coöperative insurance associations for the protection of buildings and crops, human life and livestock at reasonable rates.

The farms of the United States produced 10 billion dollars worth of wealth last year; but it was produced by farmers operating alone, and it was sold by the individual producers. Thirteen thousand people produce tobacco wares in Winston-Salem factories, but the marketing of 32 million dollars worth of tobacco products is the sole business of four expert sales agents. Farming is the only large business in the world today that produces wholesale volumes of wealth while buying and selling at retail rates. It is the most loosely and feebly organized of all known occupations. As a result the farmer's share of the consumer's dollar is a beggar's pittance.

The farmers of the Middle West are leading the United States in coöperative enterprise. They have learned at last how to coöperate and double their profits. They now know that they must take share-profits or no profits at all, and that if they do not all hang together they will all hang separately—a fundamental lesson that we are slow to learn in North Carolina.

SOURCES OF INFORMATION:

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Coöperative Purchasing and Marketing Organizations Among the Farmers of the United States. Jesness and Kerr. Bulletin U. S. Department of Agriculture, No. 547.

N. C. Club Year-Book, 1915-16, pp. 47-50. Coöperative Enterprise in North Carolina.

Too Little Livestock

E. C. BRANSON, *University Faculty*

We are crop farmers, merely or mainly, in North Carolina. In our cotton and tobacco counties we are one-crop farmers merely and mainly. There are exceptions, of course, in every county, and these are invariably the prosperous farmers. In these regions we have tried to get rich buying food and feed with cotton and tobacco money, and we have tried long enough to know that it cannot be done.

Some of the poorest counties in the state in per capita wealth in farm properties are in the cotton and tobacco area. Anson, for instance, with \$257 ranks 57th in per capita farm wealth; Caswell with \$246 ranks 63d; Person with \$237 ranks 66th; Franklin with \$227 ranks 71st; Warren with \$218 ranks 76th; Halifax with \$205 ranks 83d; and Rockingham with \$191 ranks 87th.

These are small figures when set over against \$560 in Alleghany, which raises no cotton and no tobacco, or \$994, the average for the United States, or \$3,386 in Iowa in the census year.

Away Below Level

We have too little livestock on our farms. In 1910 we were 63 per cent below the level of even a lightly stocked farm area. We have too little livestock to feed the farm family, to consume the waste, to restore fertility to the soil, and keep farm labor steadily occupied throughout the year.

And, by the way, a lightly stocked farm has one animal unit for every five acres. An animal unit is a horse, a mule, a cow, or a two-year-old steer; 2 other cattle; 2 yearling colts or 4 spring colts; 5 hogs or 10 pigs; 7 sheep or 14 lambs; or 100 hens—so considered, because they consume about the same amount of food.

Small-farm Needs

The farm of average size in North Carolina is 35 cultivated acres. If even lightly stocked with domestic animals, it would have 1 horse or mule, 2 cows, 2 other cattle, 2 hogs, 6 pigs, 7 sheep, 6 lambs, and 50 hens; or 7 animal units all told, in some such combination.

Livestock in this quantity would furnish all the meat needed by a farm family, which is around 152 pounds a year per person, and produce a small surplus for sale.

Wretched Deficiencies

The small Carolina farm that has this amount of livestock or anything like it is rare, as we all know. But the 1910 Census of Agriculture

tells the story better. There we find that 17,000 farms in the census year had no chickens, 42,000 farms had no hogs, 54,000 no cattle, 67,000 no milk cows, and 222,000 no sheep.

It is almost unbelievable, but so the census reports.

But these figures do not reveal in full detail our neglect of food and feed crops. The same volume shows that 25,000 farms raised no corn in 1910; 183,000 no hay and forage; 188,000 no wheat; and 204,000 no oats.

These figures explain why 76,000 Carolina farmers were forced to buy feed for their farm animals, and to spend for this purpose an average of \$41 apiece in 1910.

They also explain why our bill for imported food the same year was nearly 120 million dollars.

All told, they explain why the per capita wealth of our country population in farm properties is so small.

Wonderful Gains

In 1915 we raised not less but more cotton and tobacco than we raised in 1909, and at the same time we nearly doubled our corn and hay crops, more than doubled our rye crop, and nearly trebled our production of wheat and oats. We raised wheat and forage enough for home consumption, and were approaching sufficiency in our corn and potato crops. During this same interval our horses increased 16,000, our mules 25,000, our milk cows 11,000, and our hogs 372,000. Which was "going some," as the boys say. So much for the low prices of cotton and tobacco. So much for the uses of adversity, which like the toad, ugly and venomous, wears yet a precious jewel in his head, says Shakespeare.

Sad Losses

But in 1916 we fell back sadly. The Federal crop and livestock reports of December, 1916, and January, 1917, show that we ran behind the 1915 figures as follows: 6,000 milk cows, 11,000 other cattle, 15,000 sheep, 157,000 tons of hay, 1,488,000 bushels of oats, and 6,350,000 bushels of corn.

We were already on the wrong side of the dead line, and so this year we shall have to import more bread and meat than ever—around a hundred million dollars worth at sky-high prices.

To offset this loss of 7,838,000 bushels of grain in 1916, there were various small gains, as follows: rice 2,000 bushels more, rye 5,000 bushels more, potatoes 82,000 bushels more, wheat 165,000 bushels more, and apples 366,000 bushels more.

Plain Common Sense

Nineteen sixteen, to be sure, was a hard crop year in North Carolina, and our mountain farmers suffered unparalleled calamity by floods; but for the most part these wholesale losses are the result of cotton and tobacco mania produced by high prices.

We have been betrayed by cotton and tobacco prices so often and so disastrously these last fifty years that we shall be unbelievably stupid if we cannot soon settle down safely upon the basis of live-at-home farming—at least as far as the staple food crops are concerned.

We will raise cotton and tobacco as before, and more of both crops; but if we are wise, our barns and cribs, pantries and smokehouses will be filled to bursting with home-raised farm supplies.

There is not one of these that we cannot produce on our farms for less money than they cost us when they are shipped in from the West.

Besides, when we raise them we pay in time and labor—a kind of money that we have in abundance. But when we buy them they call for cash—a kind of money that we hardly have at all in our farm regions for nine months of the year.—*University News Letter*, March 21, 1917.

Our Industrial Capital in North Carolina

R. E. PRICE, *Rutherford County*

The capital invested in manufacturing in North Carolina in 1914, the date of the last Federal Census of Industries, was \$253,842,000. Everything considered, North Carolina is the best developed industrial state in the whole South. She leads the South (1) in the average number of wage-earners, 136,844, (2) in primary horse-power employed, 508,235, (3) in the total amount of wages paid, \$46,038,000, (4) in value added to the value of the raw products by the processes of manufacture, \$119,470,000, (5) in the per cent of increased value due to manufacture, 26 per cent.

The Story of Development

Let us notice briefly the history of the development of manufacturing in North Carolina since 1850.

At that time the capital invested in manufacture in North Carolina was only \$7,252,225. In 1914 it was \$253,842,000. Here is an increase of 3,600 per cent in 64 years. In 1850 there were 12,344 operatives in our mills, factories, and foundries; and 136,844 in 1914. Here is an increase of 1,100 per cent during the same period.

The value of our products in 1850 was \$9,111,245 against \$239,412,000 in 1914, an increase of 3,200 per cent.

The leading factory industry in North Carolina in 1850 was cotton manufacture, but the capital invested was only \$1,058,000. We ranked 12th in this industry at that time. Virginia and Georgia were both ahead of us. Other industries were woolen manufacture with a capital of \$18,000; pig iron, \$25,000; iron castings, \$11,500; wrought iron, \$170,000; distilleries, \$21,900; fisheries, \$235,000.

All told, there were 2,663 manufacturing establishments in the state in 1850, or nearly half as many as we had in 1914. But while they were numerous, they were small and employed little capital.

In 1860 there were 3,689 establishments employing \$9,693,703.

In 1870 the establishments numbered 3,642 and the capital was \$8,140,473. Here were fewer enterprises and less capital, all told.

In 1880 there were 3,802 concerns with a total capital of \$13,045,639. The capital is still small, but the ten-year gain was nearly \$5,000,000.

But in 1890 the total capital was \$32,745,995. Here was nearly a threefold increase in ten years, while the total capital had jumped to \$68,283,000. That is to say, it more than doubled during the decade. In the next five years it again doubled, reaching a total of \$141,001,000. Clearly 1890 marked the beginning of a new era in North Carolina, and

for that matter in the whole South. From this date on we had a new South—a South of rapidly expanding industries.

In 1910 our manufacturing capital was \$217,185,588 and in 1914 \$253,842,000!

Which is to say, in the last 24 years our manufacturing capital has nearly quadrupled in amount.

Our Primacy in the South

North Carolina leads the South in the number of textile mills, in the amount of raw cotton consumed, in the variety of textile products, and in the total value of cotton goods produced.

North Carolina also leads the South in furniture manufacture and in other timber-working industries. And she leads the whole United States in the manufacture of chewing and smoking tobacco.

The leading industries of North Carolina are based on her own home-produced materials—cotton, tobacco, and timber. She consumes in her own mills all the cotton she produces and more. Her furniture factories use more wood than those of any other state in the Union, but it comes mainly out of her own forests at a cost less than the average in ten of the great furniture working states, and \$7 per thousand feet less than the average for the country at large.

North Carolina takes \$169,000,000 worth of raw cotton, tobacco, and timber; her own products mostly, and increases their value by \$119,000,000 in the processes of manufacture in her own mills and factories.

In this particular she outranks every other Southern state, Texas included.

How Our Industrial Capital Was Accumulated

As we have already shown, the amount of capital invested in manufacturing in North Carolina before the War Between the States was small.

Our minimum water-power is 578,000 horse-powers on a basis of 75 per cent efficiency. In 1912 the installed capacity of our water-power was 110,203 horse-powers, and over half of this total was used in manufacture.

A few men of foresight in the South long ago saw the profits in textile manufacture under these conditions, and they rapidly accumulated wealth. The returns from investments in manufacture in North Carolina have long been greater than those from any other business. Our merchants added banking to their business interests in the small towns. Then bankers and merchants organized mills and factories. The profits of the mills and factories went back into banking, and the profits in banking were a backing for manufacture. Business, banking,

and manufacture were three aspects of the activities of a little group of alert men in every community. They were men of means—increasingly so as the years went on.

A quarter century ago in North Carolina a man of ordinary means, and somewhat more than ordinary foresight, business ability, and courage, could reap a great harvest in merchandising, banking, and manufacture, and our richest men today are engaged in one or more of these activities—usually in two of them, and frequently in all of them.

Unlike Georgia and Alabama, manufacturing in North Carolina is based on home-made capital and home-bred genius, for the most part. Perhaps a larger per cent of our industrial capital is home-furnished than in any other Southern state.

SOURCES OF INFORMATION:

The Census Volumes, 1850 to 1910.

The 1914 Census of Industries.

Report of the State Labor Commissioner, 1916.

Hammond's The Cotton Industry.

Accumulating Bank Capital in North Carolina

M. B. FOWLER, *Orange County*, and S. H. HOBBS, JR., *Sampson County*

The North Carolina Club on December 4th considered The Accumulation of Banking Capital in North Carolina. We here give a brief summary of the papers presented and the discussion that followed.

Our Bank Capital in 1915

The amount invested by stockholders in the business of banking in North Carolina on June 23, 1915, was \$20,190,483, according to the 1915 Report of the Comptroller of the Currency, covering 476 banks, state and national.

It is a small total. It was greater in twenty-eight states of the Union. It was greater in nine Southern states. Indeed, only three states in the South had a smaller banking capital—Arkansas, Florida, and Mississippi.

Manufacture in North Carolina represents an investment twelve times greater, and agriculture twenty-six times greater, than our total banking capital. Our farmers have more money invested in mules—more by three million dollars. Our bank capital is less than a third the value of the livestock of the state. The wealth created by our corn crop alone last year was three times the paid-in bank capital of North Carolina. The total wealth created by the farmers of the state in 1915 was twelve times the amount of bank capital accumulated in the last half century. Even the lumber and timber industries of the state in 1914 created wealth nearly twice as great as our bank capital at that time.

How small our bank capital is appears most clearly when North Carolina is compared with other states on a per capita basis. Our bank capital was only \$8.51 per inhabitant in 1915, and our rank in this particular was 47th. Mississippi alone saves us from being at the very bottom of the list. The average for the country at large was \$21.54, and the figures range from \$7.08 in Mississippi to \$42.35 in California.

Bankers and bank officials are one of the smallest economic groups in the state. They numbered only 623 people, according to the last Federal Census of Occupations. Considering the capital invested and the number of people employed, banking is comparatively a small affair in North Carolina; but when you consider the volume of business transacted and its foundational character, banking is of course one of the very biggest businesses in the state. For instance, on a basis of 20 million dollars of paid-in capital stock, our 476 banks were able to show on June 23, 1915, resources aggregating \$148,444,000, and a business in loans and discounts amounting to \$107,371,000.

Bank Development Since '65

In 1860 we had 16 banks with 26 branches in North Carolina, and our total banking capital at that time was \$9,408,470. It averaged \$14 per free white citizen. In 1915 our bank capital was barely more than double the total of 1860, while the average was only \$12.45 per white inhabitant. These figures well illustrate our slow recovery from the calamities of war.

In the spring of 1865 there were no banks in North Carolina, so complete was our financial wreckage. In the fall of that year two national banks were chartered and the story of bank development began once more in our state.

Before the war, deposits were a small matter; they were only \$1,831,598, all told, in 1860. In 1915 they were \$88,404,895. At that time the business of our banks was based on the privilege of issuing currency notes, and deposits were a minor concern of bank officials; but bank development since the War has been based (1) mainly on deposits upon open account, time deposits, and bank account savings, (2) on the establishment of a large number of small banks, thus bringing them closer to our farm population—to the people who create the largest volume of primary wealth in the state year by year, (3) on their use by small-town merchants as responsible agents for diffusing credit, (4) on the increasing use of bank facilities and the growth of popular confidence in banks as safe and reliable strong boxes for thrifty people—a faith abundantly justified in North Carolina by the remarkably small number of bank failures in the state during the last half-century. So far as we can ascertain, there were none before the war and fewer than a dozen, all told, since the war. The story of bank development in North Carolina is briefly indicated by the figures that follow.

Increase in Bank Deposits

1. The increasing confidence in banks in North Carolina is shown by swelling bank deposits, as follows:

1860	\$ 1,831,598
1875	2,270,111
1890	8,040,902
1900	16,757,855
1907	58,931,155
1915	88,404,895

Between 1890 and 1900 our bank deposits were doubled, and in the last quarter century they show an elevenfold increase. The increase was fivefold in the last fifteen years.

Wonderful Increase in Savings Deposits

Bank deposits on savings account, time deposits, and the like have also increased significantly. Our total bank account savings were as follows:

1890	\$ 209,763
1900	1,717,158
1907	6,171,916
1915	22,010,650

Our bank savings now reach a total greater than the bank capital of the state, and since 1900 they have increased in a twelvefold ratio.

A Large Number of Small Banks

2. The increase in the number of banks is worth noticing. Before the war we had a small number of large banks; now we have a large number of small banks, usually with \$5,000 of capital and located in a large majority of instances in towns of fewer than five thousand inhabitants. These little banks in the small country towns lessen the distance between the farmers and the world of finance.

1875.....	30 banks, or one for every 41,188 inhabitants
1889.....	69 banks, or one for every 27,412 inhabitants
1900.....	117 banks, or one for every 16,186 inhabitants
1907.....	129 banks, or one for every 13,597 inhabitants
1915.....	476 banks, or one for every 4,981 inhabitants

The average for the country at large in 1915 was one bank for every 3,700 inhabitants. Thirteen of our counties make a better showing than the average for the United States, ranging from one bank for every 2,617 inhabitants in Gates to one for every 3,681 in Rutherford. These counties are Gates, Hertford, Washington, Jones, Martin, Granville, Edgecombe, Bertie, Pitt, Moore, Carteret, Wake, and Rutherford. Three counties had no banks in 1915—Camden, Currituck, and Graham, while seven counties had only one bank each.

Small Per Capita Bank Capital

3. The increases in total bank stock and the gains in per capita bank capital are as follows:

	<i>Capital</i>	<i>Per Inhabitant</i>
1860	\$ 9,408,470	\$9.48
1875	4,000,000	3.00
1889	4,401,513	3.00
1900	5,711,910	3.02
1907	12,318,276	5.45
1915	20,190,483	8.51

During the last fifteen years our banks increased in number in more than a fourfold ratio, our bank capital in more than a threefold ratio, and our total deposits in more than a fivefold ratio, but our bank savings increased in a twelvefold ratio. Manifestly the last fifteen years have been epoch-making in the banking business of the state. Nevertheless, in 1915 we had a smaller banking capital per inhabitant than in 1860: \$8.51 against \$9.48, total population considered, and \$12.45 against \$14, the white population alone considered.

Prosperity in banking circles will alone account for the marvelous increase in the number of banks, in bank capital, in aggregate bank resources, and in the business done in bank loans and discounts since 1865 when banking as a distinct business began to grow out of the universal bankruptcy produced by the war.

Accumulating Bank Capital in North Carolina

With this brief account of our banking capital in 1915, and the development of the banking business of the state since 1865, we take up the main inquiry of this particular Club occasion, The Accumulation of Bank Capital in North Carolina.

Our farms and forests, mills, factories and foundries, fisheries, mines and quarries are now creating primary wealth at the rate of 401 million dollars a year. In 1910 our accumulated wealth in farm properties amounted to 537 million dollars, or \$322 per country dweller. By 1914 our mill owners had been able to save and invest 253 million dollars in manufacture of various sorts, while our bankers in 1915 had assembled some 20 million dollars in capital stock as a basis for the banking business of the state.

Creating wealth is one thing; retaining, accumulating, and using it productively is another thing; and just now our Club is at work in this second field of inquiry.

What, then, is the story of increasing bank capital in North Carolina since the war, when banking, along with all other businesses in the South, was forced to start up again *ab initio*?

The war left our farm owners with land and the labor of their own hands, but without money for operating expenses. On the other hand, day-labor, black and white, was without land or money. Two of the factors in the production of wealth were at hand, the third was lacking. What the South lacked was capital, and this economic vacuum was filled by the supply-merchants and commission men who during the next quarter century played a large part in the regeneration of the South. They were not only merchants but bankers during the first years of this period. Moneyless landlords and landless laborers entered into a loose business copartnership in the farm tenancy system, for the most part a

cropping system, under which both landlord and tenant received their rewards in crop shares. The daily necessities of life during the cropping season were furnished on a time-credit plan by the supply-merchants, who were protected by mortgages on land and liens on growing crops, goods and chattels. The supply-merchants were carried on the books of the wholesale houses North and West, and their bills at maturity called for settlement in good coin of the realm. And, therefore, their crop liens were written in terms of crops that could be turned into instant ready cash in the harvest season; that is to say, cotton and tobacco. And the South raised cotton and tobacco in rapidly increasing volume,* (1) because our soils and seasons were peculiarly suited to these crops and the yields per acre produced larger gross values than any other crops we could raise—which facts are still true, and (2) because the whole world was an organized market for these products, and for twenty-five years paid cash for them at prices that left a liberal margin of profits.

During this period the South could fairly well afford to neglect food and feed crops because of the increasing abundance of such crops in the West and their low market prices—a condition, by the way, that brought the Western farmers into bankruptcy in the late eighties and early nineties. But meanwhile the approaching calamity of the West was the South's opportunity, and so as a matter of good sense and good business during this period the South bought staple food supplies with cotton and tobacco money and neglected the raising of food and feed supplies at home. They could buy these more cheaply than they could raise them—a state of affairs that exists no longer.

Unfortunately, during this period we settled down into a one-crop, farm-tenancy, supply-merchant, crop-lien system of farming from which we showed little sign of emerging until 1910. Under this system the South raised in an average year around a billion dollars worth of cotton, cotton seed, and linters, and promptly sent 934 millions of it into the West to pay for staple food and feed supplies that we neglected to raise at home. Since that date we have been producing breadstuffs in larger measure in North Carolina. Between 1910 and 1915 our gain in food crops was at the rate of 10 million dollars a year. But we are still below the level of live-at-home farming, by some 80 million dollars a year.†

*Between 1860 and 1910 our tobacco crop increased fourfold and our cotton crop elevenfold. Meantime our per capita production of food rapidly decreased. In 1910 we fell to our lowest ratios in food crops; then until 1915 we moved ahead in bread and meat farming at the rate of ten million dollars a year.

†This deficit is reckoned on 1915 prices. At present—August, 1917—our bill for imported food and feed supplies is around 175 million dollars a year, and, as usual, our cotton and tobacco do not foot the bill—not even at the top-notch prices they bring—because the price of foodstuffs has more than doubled during the last two years.

Produced by Farmers; Saved by Merchants

With these things briefly said, it is clear (1) that cotton and tobacco restored to the South the capital she needed; (2) that the supply-merchants and the commission houses were the immediate agencies of finance; that they were the source of credit accommodations during the growing season and of ready cash during the market months; (3) that their business was hazardous, their margin of profits large, and their interest charges ruinous to their customers; (4) that under this system our farmers, the largest producers of primary wealth in the state, remained poor, while the cream of the wealth they produced was skimmed by the merchants in the trading centers; (5) and that as a consequence the South began to develop a large number of prosperous small towns in which business based mainly on cotton and tobacco gave rise to banking and both to manufacture. Our bankers and bank-stock owners are everywhere merchants for the most part, and usually our bank directors are actively interested in both merchandising and manufacture. In a word, the profits in cotton and tobacco production since the war have been absorbed by trade in the town and city centers and converted into merchandising, banking, and manufacture.

Simple Business Sense

Our farmers will retain a reasonable share of the wealth they create only when they produce at home the staple supplies they need during the growing and marketing season. They will always need to raise cotton and tobacco, but they must learn to raise larger crops of cotton and tobacco on the same acreage at a lower production cost. Of course, they must raise these cash crops or cash crops of some sort, but they must be self-feeding and self-supporting while they do it; otherwise the wealth they produce will slip through their fingers into other hands.

And the time is now at hand when they can better afford to raise their own staple supplies than to buy them in the West. Once upon a time it was not so, but that time has gone by, apparently never to return. The South no longer suffers a comparative disadvantage in the production of corn, wheat, oats, hay and forage, beef, pork, and mutton. All of these can now be produced more cheaply at home than in the West and far more cheaply than they can be bought on time-credit prices or on open account.

The Safest Basis for Banking

Our farmers will prosper when they are self-financing, and they will be self-financing only when they are self-feeding. And when we have abiding instead of seasonal prosperity in our farm regions, our mer-

chants will do a larger volume of business on a cash basis, our bank deposits and our banking capital will swell into the proportions they reach in the Middle Western states. Business in our developing city centers will settle down upon stable foundations and will be freed from the extreme hazards of cotton and tobacco markets.

Iowa is a capital illustration of general prosperity based upon farm prosperity. While her country population is worth \$3,386 in farm properties per inhabitant, her bank savings are \$152,000,000, or more than those of all the cotton belt states combined. Her population is less than that of North Carolina, but her bank capital is three times greater, her bank resources more than four times greater, her business in loans and discounts nearly five times greater, and her bank deposits more than five times as large.

If we were a self-feeding farm civilization and our cotton and tobacco were surplus money crops, in ten years we should be rich beyond the dreams of avarice in North Carolina and the entire South. We have a chance to achieve prosperity in our farm regions beyond that of any people on earth; and when our farmers enjoy permanent prosperity both bankers and merchants will reap larger rewards.

Banking based on rural prosperity is a bigger business than banking based on rural poverty.

SOURCES OF INFORMATION:

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- Report of the State Corporation Commission, 1916.
- The 1910 Census of Occupations.
- University News Letter, Vol. III, No. 7.
- The 1914 Census of Industries.
- The 1860 Census of the United States.
- Otkin's Ills of the South.
- The Monthly Crop Report, Sept., 1917.
- Development of Banking in North Carolina. J. J. Parker and C. L. Raper. Files of Economics Department, University of N. C.

Per Capita Bank Capital in Carolina Counties

T. D. STOKES, *Rockingham County*

During the University year that closed last June four students in the department of Rural Economics and Sociology were busy with special studies in Banking, as follows:

1. Bank Capital, Resources, Loans and Discounts, by States.—E. J. Dail, Duplin County.

2. Per Capita Bank Capital in North Carolina by Counties.—T. D. Stokes, Rockingham County.

3. Per Capita Bank Resources in North Carolina by Counties.—M. H. Randolph, Mecklenburg County.

4. Per Capita Bank Loans and Discounts in North Carolina by Counties.—A. O. Joines, Alleghany County.

The tables and maps show at a glance where banking as a business is best developed in North Carolina, what areas are above the state average, what areas are below, and what counties are most deficient in bank facilities.

The studies are based on the reports of the State Bank Commission and the Comptroller of the Currency for 1915, which gave the latest available information when the work began in September of last year.

So far as we know, these are the first attempts to assemble bank data by counties and to show their distribution on a per capita basis. In this way we have a chance at contrasts that provoke lively thinking.

Three of these bank studies are given to the public in this issue of the Club Year-Book, the first being the study of bank capital per inhabitant by counties. The figures of Mr. Stokes cover all banks whatsoever, state and national, savings banks, loan and trust companies included, and they are based on state and Federal reports for 1915.

Our Bank Capital is Small

Bankers and bank officials are almost the smallest economic group in North Carolina. In 1910 they numbered only 643 people, 20 of whom were women. The money invested in banking in paid-up capital stock in our 476 banks of all sorts in November, 1915, was only \$20,190,483.

Twenty-eight states stood ahead of North Carolina in total bank capital. In the South, only Arkansas, Florida, and Mississippi had less money invested in the business of banking.

Twenty million dollars in round numbers represents the bank capital accumulated in North Carolina during a full half-century. In the census year our farmers had more money invested in mules alone—more by three million dollars. Our wheat crop this year created greater wealth

than the capital stock of all our banks; while our tobacco, cotton, cotton seed, and linters last year were worth 114 million dollars or more than five times the total bank capital of the state. In a single year these two crops create five times as great wealth as the capital our banks have been able to accumulate in fifty years.

A Slender Foundation

But when we compare North Carolina with other states of the Union on a per capita basis, we fall to a place next to the bottom. The per capita bank capital of the country at large in November, 1915, was \$21.46. In North Carolina it was only \$8.51, and our rank on this basis was 47th. Only Mississippi with \$7.09 had a smaller per capita banking capital.

However, the business in bank loans and discounts in North Carolina in November, 1915, amounted to \$45 per inhabitant or more than five times our per capita bank capital; while our total bank resources were \$62.65 per inhabitant.

No Banks in Three Counties

Three counties had no banks in 1915—Graham, Camden, and Currituck. Hoke had two banks with \$37,500 invested in total bank stock, and Avery had two banks with capital stock totaling \$17,650. The two counties last named do not appear in the table, because they were formed since the census year, and no authoritative population figures could be obtained.

Lagging and Leading

Our per capita bank capital in 1915 ranged from 33 cents per inhabitant in Caswell to \$40.06 in New Hanover.

Three counties were without banks, as already stated, while in three others the banking capital was less than 60 cents per inhabitant. These six counties at the foot of things are Graham and Mitchell in the mountains, Caswell (one of the old tobacco counties) along the Virginia line, and Pamlico, Camden, and Currituck in the tidewater country where until recently agriculture has been overshadowed by fishing and other interests. But of late years the people of these coast counties have caught visions of wealth in potatoes, peanuts, and other truck crops. Pork production is here rapidly developing into large proportions. As a consequence, trade centers along with banks will spring up and flourish. The papers recently reported that the Bank of Pamlico at Bayboro and Oriental, with \$10,000 of capital, had \$450,000 of deposits, and total resources amounting to \$481,000. The lack of ready-cash crops,

good highways, brisk trading centers, bank and railway facilities has held back these six counties for long years. They are now facing a new era.

New Hanover Leads

At the top of the column of per capita bank capital is New Hanover with \$40.06, which is nearly twice the average for the United States and nearly five times the average for the state. So, because Wilmington in the early days established a banking business based on merchandising and export trade in naval stores and cotton for all the Lower Cape Fear country. It was and still is one of our leading business centers; but its banking is based mainly on merchandising, and only incidentally on manufacture and agriculture. These are fatal limitations, the future of Wilmington considered; wherefore the significance of the packing plant, the wood-pulp plant, and other industries that are now under consideration in New Hanover. Banking and trade in New Hanover, Wayne, and Wake have frayed in their own fat long enough to arouse lively local attention and activity in recent years.

Forsyth and Mecklenburg

The only other counties that share with New Hanover the distinction of having per capita bank capital above the average of the United States are Forsyth, which leads the state in the value of manufactured products, and Mecklenburg, which is located near the center of the best developed industrial area of the two Carolinas. Charlotte has a further advantage—it has no competition as a distribution point for two states, and therefore is a trade and market center of steadily increasing importance.

Banking as a business rests upon manufacture, trade, and agriculture: these three, and the greatest of these is agriculture—a fact that Wilmington, Winston-Salem, and Charlotte have not yet realized fully. The best basis for bank dividends lies in a prosperous agriculture in the surrounding trade territory, as the bankers of Iowa have proved beyond debate. Iowa is a well developed farm state. She lags far behind North Carolina in manufacturing capital and enterprise; nevertheless, in per capita country wealth in farm properties she is ten times richer than North Carolina, her bank deposits are nearly five times greater, her bank loans and discounts are more than five times greater, and her bank account savings are nearly seven times greater.

Wake and Durham

Wake is interesting. In 1915 the per capita bank capital of the county was only \$15.38, and banking in Raleigh was far below the level of local

demand and opportunity. The amazing success of the Merchants National Bank has demonstrated this fact. Raleigh needs manufacturing enterprises, wholesale businesses, and prosperous bread-and-meat farming in her trade territory. On a basis of this sort banking reaches its largest proportions. What we are trying to say is that banks balance better on three legs than on one.

A mere glance at the maps discloses many opportunities for banking genius elsewhere in North Carolina—in Durham, for instance. A per capita bank capital of only \$12.43 is pitifully small for a city whose manufactured products are around 30 million dollars a year, and whose local trade in the ordinary necessities of life reaches a grand total of 50 millions annually. Agriculture is languishing within the sphere of Durham's influence, and this fact demands attention on the part of Durham's robust thinkers in banking and business circles. Craven, Transylvania, and Vance all stand ahead of Durham in per capita banking capital. Strange, but so it is.

Only 14 other counties are above the state average of per capita bank capital, \$8.51. They are all in the cotton and tobacco areas except Catawba, a center of coöperative farm enterprise in the hill country, Buncombe, Henderson, and Transylvania in the region of tourist travel, Iredell and Alamance in the industrial area, and Pasquotank, a market and factory center in the Albemarle country.

Below Par

Twenty-two counties are just below the state average, with per capita bank capital ranging from \$8.37 in Cabarrus and \$8.31 in Rowan, two Piedmont mill and factory counties where banking is curiously undercapitalized, to \$5.01 in Rutherford, a mountain county with no adequate cash crop with which to create business in merchandising and banking. Fourteen of these counties are in our cotton and tobacco belt, and some of them are developing rapidly into large industrial significance; four are Mountain counties, and three are in the Tidewater country.

It is strange to find Cabarrus, Rowan, Richmond, Gaston, Davidson, and Scotland in this list of rearward counties; especially Scotland, whose per-acre crop-producing power is enormous and whose agricultural possibilities are unlimited.

Away Below Par

But the most striking discovery in this study is the fact that 54 counties in North Carolina have a banking capital of less than \$5 per inhabitant; 24 of them fall below \$2.50 per inhabitant, and 12 of these have less than \$1.50; two of these have 55 cents or less, and three of them have no banking capital at all!

Think of Caldwell (\$4.88), Halifax (\$4.75), Johnston (\$4.73), Randolph (\$2.62), Greene (\$2.60), and Stanly (\$1.75), away down at the tail end of banking in North Carolina! Here are chances a-plenty for live young bankers who can challenge the confidence of merchants, mill owners, and farmers, and sweat the rind of their brains to some effect.

Our Low-pressure Areas

These 54 rearward counties are scattered all over the state from Cherokee to Currituck and from Ashe to Brunswick. Mainly they are remote counties away out on the rim of things with poor facilities of communication and transportation, with few or no brisk trading centers, with little manufacture, and—mark this—with no ready-cash crops to put money into circulation in adequate quantities. These counties are mainly in the Tidewater country, in the grain, hay, and forage area east of the Ridge, and in the Mountains.

They are all good counties, but the fundamental defect in the farm life of these counties is the lack of ready-cash products. The farmers live at home and live well, but too little money is in circulation. This is a world of commerce and credit, and somehow these 54 counties must break into this world—with cotton and tobacco, with peanuts, potatoes and pork, with butter and cheese factories, with milk and meat, poultry and eggs, with these or with other cash products that will leave a comfortable profit in the hands of the producers. Living in the world of products alone is the ancient order of country life; living in the world of products and profits is the new order of country life. A farm area without ready-cash crops is outside the modern world of business. It misses the stimulus of profits, and profits depend on market and credit conditions; and without this stimulus a farm area is apt to produce a static or stagnant civilization in life as well as in business.

Brisk Banking Areas

In the main, banking is best developed (1) in the 40 counties of our cotton and tobacco area, where enormous crude wealth is created by these crops year by year—114 million dollars worth last year. In these 40 counties are 267 banks or more than half the banks of the entire state, and the business in bank loans and discounts amounted to nearly 53 million dollars, which was considerably more than half the state total in November, 1915. And (2) in our industrial area, which bends like a bow from Durham around to Mecklenburg and Gaston counties along the Southern Railway. Nearly three-fourths of the bank capital of the state is concentrated in the 50 counties of these two areas. And here is six-sevenths of the business in bank loans and discounts.

Brisk centers of trade and manufacture sprang up in large numbers in these counties after the War Between the States. The merchants

skimmed the cream of trade in cotton and tobacco and patted it into butter cakes for small banking business. By 1880 trade and banking had accumulated profits enough to set up mill and factory enterprises which in the next quarter century made North Carolina the best developed industrial state in the South.

Our bankers and bank stock owners are usually merchants and mill owners. Trade, banking, and manufacture are a closely knit trinity of business relationships. Our bankers have usually been prosperous, substantial, trustworthy people—merchants and mill owners as well as bankers, and this fact explains in large measure the small bank capital and the large business in bank loans and discounts here and there. Outside people with capital for new bank businesses have a hard time breaking into a combination of this sort.

A Crippling Condition

The fundamental defect in the economy of these two bank areas lies in the ill-balanced, unsafe, and unprofitable agriculture that prevails in them; ill-balanced because it lacks sufficient livestock and is on the level of crop-farming merely or mainly; unsafe because food and feed crops are neglected for cotton and tobacco, the market values of which are as uncertain as the turn of the gambler's wheel; and unprofitable because our cotton and tobacco money leaves the state promptly to pay our enormous bills for imported farm and pantry supplies—all of it this year, and 125 million dollars more!

A business economy of this sort cripples agriculture, but also it limits the development of the state in merchandising, banking, and manufacture. These four are fatally related; they rise or fall together—inevitably so. When the ready cash that leaves the state for bread and meat products alone amounts to a hundred dollars a year per inhabitant, the loss leaves everybody just so much the poorer—farmers, traders, and bankers alike.

Texas Bankers Lead

And the time has come for our bankers to lead the way out of these difficulties; to take interest in farmers as well as interest from farmers. Mr. W. G. Breg of Dallas and the Texas bankers have set themselves to exactly this task in Texas; and there is need for a similar generous undertaking on the part of our bankers in North Carolina.

The statesmanlike effort of the Texas bankers during the last three years to hold down in Texas some 227 million dollars of cotton money that has been going into the pockets of bread-and-meat farmers in the Middle West is stimulating and suggestive. The annual reports of the Texas State Bankers' Association give the story in full detail.

SOURCES OF INFORMATION:

- Report of the State Bank Commission, December, 1915.
Report of the Comptroller of Currency, 1915.
Bank Capital, Resources, Loans and Discounts in the United States.
E. J. Dail. Files of the N. C. Club, University of N. C.
Bank Resources in N. C. M. H. Randolph. Files of the N. C. Club,
University of North Carolina.

Our Bank Capital in 1915

Based on the Reports of the State Bank Commission and the Federal Comptroller of the Currency; covering the capital stock of all banks—State and National, Savings Banks, Loan and Trust Companies; reduced to per capita amounts and exhibited by counties.

T. D. STOKES, *Rockingham County*

University of North Carolina, 1916-1917

The per capita bank capital of the United States in 1915 was \$21.46; in North Carolina it was only \$8.51.

Rank	Counties	Per Capita	Rank	Counties	Per Capita
1	New Hanover	\$40.06	40	Moore	\$6.14
2	Forsyth	32.82	41	Scotland	6.13
3	Mecklenburg	31.67	42	McDowell	6.02
4	Wayne	19.11	43	Haywood	5.79
5	Guilford	15.56	44	Lee	5.16
6	Wake	15.38	45	Hertford	5.11
7	Craven	15.00	46	Lincoln	5.10
8	Transylvania	13.57	47	Rutherford	5.01
9	Vance	12.79	48	Washington	4.90
10	Durham	12.43	49	Caldwell	4.88
11	Catawba	11.62	50	Halifax	4.75
12	Henderson	11.49	51	Johnston	4.73
13	Lenoir	11.38	52	Carteret	4.16
14	Pitt	10.94	53	Martin	3.89
15	Buncombe	10.88	54	Person	3.69
16	Pasquotank	10.74	55	Bertie	3.52
17	Wilson	10.37	56	Yancey	3.44
18	Iredell	9.85	57	Gates	3.35
19	Granville	9.77	58	Swain	3.23
20	Cumberland	9.39	59	Watagua	3.16
21	Union	8.94	59	Wilkes	3.16
22	Robeson	8.78	61	Warren	2.85
23	Alamance	8.76	62	Duplin	2.81
24	Cabarrus	8.37	62	Jones	2.81
25	Rowan	8.31	64	Cherokee	2.68
26	Beaufort	8.04	65	Columbus	2.64
27	Edgecombe	7.84	66	Montgomery	2.63
28	Franklin	7.69	66	Orange	2.63
29	Anson	7.51	68	Randolph	2.62
30	Surry	7.17	68	Davie	2.62
31	Richmond	7.13	70	Greene	2.60
32	Gaston	7.12	71	Burke	2.56
33	Cleveland	7.11	72	Stokes	2.51
34	Nash	6.85	73	Madison	2.48
35	Chowan	6.44	73	Bladen	2.48
36	Rockingham	6.34	75	Perquimans	2.20
37	Macon	6.31	76	Ashe	2.09
38	Davidson	6.21	76	Alexander	2.09
39	Harnett	6.15	78	Alleghany	1.93

<i>Rank</i>	<i>Counties</i>	<i>Per Capita</i>	<i>Rank</i>	<i>Counties</i>	<i>Per Capita</i>
79	Northampton	\$1.91	88	Pender	\$1.29
80	Tyrrell	1.88	89	Clay	1.27
81	Stanly	1.75	90	Hyde	1.21
82	Brunswick	1.66	91	Polk	1.09
83	Jackson	1.64	92	Dare	1.03
84	Chatham	1.59	93	Pamlico94
85	Yadkin	1.68	94	Mitchell55
86	Sampson	1.41	95	Caswell33
87	Onslow	1.35			

Hoke has 2 banks with a total capital of \$37,300, and Avery has 2 with a total capital of \$17,650, but both counties are omitted in this table for lack of population figures.

Three counties—Camden, Currituck, and Graham—had no banks in 1915.

Bank Loans and Discounts in Carolina

A. O. JOINES, *Alleghany County.*

In the *University News Letter* of August 8th we exhibited the Bank Capital of North Carolina in 1915, by counties, on a per capita basis. We are here making a similar exhibit of bank loans and discounts for the same year. Column 1 of the table on a following page shows bank loans per inhabitant, and column 2 compares the business in loans with the bank capital invested.

Bank loans and discounts in North Carolina in November 1915, amounted to \$98,891,845, according to the study made of the reports of the State Bank Commission and the Comptroller of the Currency by Mr. A. O. Joines, of Alleghany. These figures cover all banks whatsoever, state and national, savings banks, loan and trust companies.

Small Cash, Less Credit

The production of primary wealth in North Carolina is now around 500 million dollars a year. Which is to say, about one-fifth of the wealth produced by our farms and forests, factories, mines, and fisheries rests on bank credit. In the United States as a whole two-fifths of the primary wealth produced from year to year rests on bank credit.

We shall produce greater wealth when we employ greater cash capital or operate more extensively on borrowed capital furnished by banks and other lending agencies. And we shall retain more of the wealth we produce when the capital borrowed costs us a reasonable rate of interest. The wealth produced by the farmers of the South has been largely consumed by the interest rates and the time-prices paid for farm supplies.

Our use of bank credit in North Carolina is small. In 1915 it averaged only \$45.28 per inhabitant against \$156.33 in the country-at-large. Our rank in this particular was 45th among the states of the Union. Only three states made a smaller per capita use of bank credit—Arkansas with \$37.14, Alabama with \$36.73, and Mississippi with \$27.55.

A Brisk Banking Area

Commerce in North Carolina is based for the most part on our forest products, our cotton and tobacco crops, and our manufacturing. Fifty counties skirting the Tidewater country on the east and reaching to the Ridge on the west produce all of our tobacco, some 200 million pounds per year, and nearly all of our cotton. In these fifty counties are nearly nine-tenths of our industrial enterprises. And also here

are three-fourths of our bank capital, nearly four-fifths of our bank resources, and more than four-fifths of the business in bank loans and discounts.

Stagnant Bank Areas

Outside this brisk banking area in the heart of the state, are fifty other counties whose bank capital in 1915 was only five million dollars all told, and whose business in bank loans and discounts was less than 20 million dollars. Twenty of these were Tidewater counties, and thirty were Mountain and Foothill counties.

Four of these 50 counties—New Hanover, Craven, Pasquotank, and Buncombe—had a full half of all the banking capital in these two areas and did four-fifths of all the business in bank loans and discounts.

Which is to say, 46 counties of North Carolina in 1915 had a total banking capital of only two and a half million dollars, and employed bank credit amounting to less than five and one-half million dollars. These counties are in the extreme eastern and extreme western parts of the state.

Leaders in Bank Credits

New Hanover led the State in bank loans and discounts with a total business of ten millions in round numbers in 1915. Mecklenburg was a close second with more than nine millions, Forsyth followed with seven millions, Wake with six millions, Guilford with five and a half millions, Durham with four and a half millions, Buncombe with three millions, and Edgecombe, Wayne, and Wilson with two millions each. There are twenty-one other counties with business in bank credits amounting to more than one but less than two millions each. Named in descending order these 21 counties are: Pitt, Robeson, Gaston, Craven, Rowan, Granville, Cumberland, Iredell, Cleveland, Union, Cabarrus, Davidson, Catawba, Surry, Rockingham, Halifax, Vance, Beaufort, Scotland, Pasquotank, and Richmond.

When the business of bank loans and discounts is reduced to a per capita basis, it appears that in 1915 only 18 counties were above the state average of \$45.28. See the table that follows.

At the bottom of the list are 16 counties with bank credit amounting to less than \$10 per inhabitant. Four of these counties fall below five dollars per inhabitant, while three counties, Graham, Camden, and Currituck had no banks at all. The last two counties do their banking most largely with Norfolk and Elizabeth City.

New Hanover Leads

Both in the total volume and the per capita amount of bank business in loans and discounts New Hanover led the state in 1915; in

the first instance, because Wilmington is the big banking center for all the lower Cape Fear counties, and in the second instance because New Hanover is a very small county with four-fifths of the population dwelling in Wilmington.

Banking in New Hanover has always been a prosperous enterprise. In 1915 the business in bank loans and discounts amounted to 7.4 dollars for every dollar of capital invested in bank capital.

The demand for bank credit is manifestly brisk in this area. The small banks in seven other counties in this region are also active, and the business they did in loans and discounts when compared with their capital in 1915 was as follows: Brunswick 6 to 1, Duplin 6.1 to 1, Columbus and Bladen 6.4 to 1, Pender 7.5 to 1, Sampson 9 to 1, and Onslow 9.2 to 1. These ratios are all beyond the average of the state, which was 5.3 to 1 in 1915.

Bank Dividends

The second column in the table that follows indicates the counties and areas where the business of banking is profitable or not in North Carolina,

The bigger the volume of loans and the smaller the capital invested in the business of banking, the greater the chance to declare dividends and accumulate surpluses and undivided profits for the stockholders.

In the United States in 1915 bank loans and discounts averaged 7.2 times the total capital of all banks of every sort. In North Carolina the ratio was 5.3 to 1; and in our state banks alone the ratio was 6 to 1.

According to the bank capital invested, 23 counties in the state did a business in bank loans and discounts beyond the average of the country at large, ranging from 11.4 times the capital stock in Scotland County to 7.3 times in Montgomery County.

Below these high averages were thirty counties with business in bank loans and discounts above the state average of 5.3 times the bank capital invested; ranging from 6.8 times, the bank capital in Madison County, to 5.4 times in Stanly, Warren, and Carteret.

In 40 counties the ratio of bank loans and discounts to bank capital fell below the state average of 5.3 to 1; the ratios ranging from 5.1 to 1 in Rowan and Rockingham to 1.3 in Jones. In this list are:

Craven	4.6
Guilford	4.5
Forsyth	4.3
Cumberland	4.1
Mecklenburg	4.0
Wayne	2.9

In these counties the volume of bank loans and discounts is relatively large, and the short-time loans at customary commercial rates will leave the banking business on the safe side of the dead-line; but it is safe to say that the chance of bank profits in these counties is not so great as in counties where the ratio of bank loans and discounts to capital is larger on an average; say in Durham County with a ratio of 9.2 to 1, and in Edgecombe with 8.8 to 1.

Individual State Banks

On December 31, 1915, there were 417 state banks and branches in North Carolina. One hundred and forty-nine of them, or more than a third of the total, were doing a business in loans and discounts that was more than six times the capital invested.

One bank was doing a business of \$48 in loans and discounts for every dollar of capital stock. Which is to say, \$48 were earning profits for each dollar invested by the original stockholders.

The volume of bank loans and discounts compared with bank capital stock in these 149 state banks on November 10, 1915, was as follows: 1 bank with loans and discounts 48 times the capital stock; 1 bank with loan business 29 times the capital stock; 1 bank with a ratio of 25 to 1; 3 banks with a ratio of 19 to 1; 1 bank with 18 to 1; 3 banks with 17 to 1; 2 banks with 16 to 1; 5 banks with 15 to 1; 5 banks with 14 to 1; 7 banks with 13 to 1; 2 banks with 12 to 1; 4 banks with 11 to 1; 9 banks with 10 to 1; 20 banks with 9 to 1; 20 banks with 8 to 1; 21 banks with 7 to 1; and 43 banks with loans and discounts more than six times the total capital stock.

All of these banks are of course making money, declaring good dividends annually, piling up surplus funds, and accumulating undivided profits—that is to say, wherever the loans and discounts are safe and the business competently managed under the laws of the State. A net 6 per cent on loans would produce good dividends in these banks. The profits would be larger if the business were mainly small, short-time loans at the customary commercial rates, and if bonuses, commissions, legal fees, and so on were charged with easy consciences against customers.

Contrasts

Here is a \$10,000 bank twelve years old with loans and discounts amounting to only \$15,000. It is hard to see how this bank has survived. If the loans earned a full 10 per cent the profits would hardly keep the officers and their families alive, to say nothing of dividends for stockholders.

On the other hand is another \$10,000 bank with \$290,000 out at interest. Twenty-nine dollars are at work earning dividends for every dol-

lar of capital stock. This bank is seventeen years old, and during this time it has paid good dividends year by year and in 1915 had accumulated \$59,000 in surplus and undivided profits.

Bank Profits

Banks make money by lending money, and the banks that do the biggest business in loans and discounts on the smallest investment in capital stock are the banks that earn the largest dividend rates and pile up the largest surpluses for the stockholders.

The average earning capacity of banks in the different counties is shown by the ratio of loans to capital. The figures given indicate these ratios, and show where bank business in North Carolina is most or least profitable. They do not cover exchange charges. We have no means of knowing how much this item amounts to in our state banks, but it is enough to provoke lively opposition against abolishing such charges by law.

The volume of profits will, of course, depend upon the amount of business in loans and discounts. The rate of profits will depend on the rates of interest, the bonuses, commissions, and the other like charges against loans. We do not happen to know what the custom is in these matters in our state banks. We have no information about these details of their business. So far as we know, nobody has assembled any adequate information in this field in North Carolina.

The national banks are obliged to report upon such details to the Federal Comptroller of the Currency whenever called upon to do so by that officer.

SOURCES OF INFORMATION:

Rural Banking Conditions in Illinois. Charles L. Stewart, Illinois Bankers' Association.

Factors Affecting Interest Rates and Other Charges on Short-Time Farm Loans. C. W. Thompson, U. S. Farm Bulletin, No. 409.

Costs and Sources of Farm Mortgage Loans in the United States C. W. Thompson, U. S. Farm Bulletin, No. 384.

Press Letters of John Skelton Williams, Comptroller of the Currency. Newspaper clippings, Files of the N. C. Club.

Bank Loans in North Carolina in 1915

Based on Reports of State Bank Commissioner and the Comptroller of the Currency for the year ending November, 1915; covering bank loans and discounts by all banks, State and National, Savings Banks, Loan and Trust Companies; reduced to per capita amounts and exhibited by counties.

A. O. JOINES, *Alleghany County*

University of North Carolina, 1916-1917

Per capita bank loans and discounts in the United States, \$156.33; in North Carolina, \$45.28. Ratio of loans to capital stock in the United States, 7.2 to 1; in North Carolina, 5.3 to 1.

Rank	County	Per Capita Times		Rank	County	Per Capita Times	
		Loans	Capital			Loans	Capital
	The State	\$45.28	5.3	35	Robeson	\$32.00	3.6
1	New Hanover	296.00	7.4	36	Franklin	31.90	4.1
2	Forsyth	142.00	4.3	37	Person	31.60	8.5
3	Mecklenburg	125.50	4.0	38	Hertford	31.40	6.1
4	Durham	115.30	9.2	39	Bertie	31.10	9.0
5	Wake	99.30	6.4	40	Alamance	30.70	3.5
6	Guilford	70.20	4.5	41	Moore	30.65	5.0
7	Scotland	70.00	11.4	42	Harnett	30.30	5.0
8	Craven	69.40	4.6	43	Halifax	30.00	6.3
9	Edgecombe	69.00	8.8	44	Chowan	29.00	4.5
10	Wilson	65.18	6.2	45	Anson	28.90	3.8
11	Buncombe	62.00	5.7	46	Wilkes	28.60	9.0
12	Granville	61.70	6.3	47	Washington	27.30	5.6
13	Pasquotank	61.60	5.7	48	Yancey	26.90	7.7
14	Vance	59.00	4.6	49	Haywood	26.60	4.6
15	Wayne	55.00	2.9	50	Lincoln	25.00	4.9
16	Pitt	49.00	4.5	51	Orange	24.10	9.1
17	Richmond	47.80	6.7	52	Davie	23.90	9.1
18	Cabarrus	47.70	5.7	53	Carteret	22.60	5.4
19	Gaston	43.70	6.2	54	Caldwell	22.50	4.6
20	Cleveland	43.50	6.1	54	Gates	22.50	6.7
21	Rowan	42.80	5.1	56	Rutherford	20.10	4.0
22	Transylvania	41.80	3.0	57	Montgomery	19.40	7.3
23	Catawba	41.20	3.5	57	Randolph	19.40	7.4
24	Henderson	40.90	3.5	59	Watauga	19.10	6.0
25	Davidson	40.60	6.5	60	Johnston	18.70	4.0
26	Surry	40.00	5.6	61	Lee	18.65	3.6
27	Cumberland	38.60	4.1	62	Duplin	17.95	6.3
27	Iredell	38.60	3.9	63	Macon	17.30	2.7
29	Martin	37.70	9.7	64	Tyrrell	17.05	9.0
30	Union	36.80	4.1	65	Madison	17.00	6.8
30	Lenoir	36.80	3.2	66	Columbus	16.85	6.4
32	Beaufort	36.00	4.4	67	Perquimans	16.68	7.6
33	McDowell	33.00	5.5	68	Bladen	15.90	6.4
34	Rockingham	32.50	5.1	68	Cherokee	15.90	5.9

<i>Rank</i>	<i>County</i>	<i>Per Capita Loans</i>	<i>Times Capital</i>	<i>Rank</i>	<i>County</i>	<i>Per Capita Loans</i>	<i>Times Capital</i>
70	Warren	\$15.60	5.4	83	Greene	\$9.95	3.8
71	Northampton	15.15	7.9	84	Jackson	9.90	6.0
72	Swain	14.50	4.4	85	Burke	9.75	3.8
73	Stokes	14.00	5.5	85	Pender	9.75	7.5
74	Alexander	13.60	6.5	87	Stanly	9.40	5.4
75	Sampson	12.70	9.0	88	Alleghany	8.47	4.4
76	Polk	12.15	11.1	89	Pamlico	8.07	8.4
77	Hyde	11.60	9.6	90	Yadkin	7.60	4.7
77	Onslow	11.60	9.2	91	Clay	5.70	4.5
79	Nash	11.20	1.6	92	Dare	4.23	4.1
80	Ashe	10.60	5.0	93	Jones	3.75	1.3
81	Chatham	10.24	6.4	94	Caswell	2.90	8.8
82	Brunswick	10.00	6.0	95	Mitchell	2.00	3.6

NOTE. (1) Graham, Camden, and Currituck are omitted in this table because they had no banks in 1915.

(2) Avery and Hoke are also omitted because they were formed in 1911, after the census was taken, and so have no population figures.

Our Bank Account Savings

M. H. RANDOLPH, *Mecklenburg County*

So far in our studies this year the North Carolina Club has been considering (1) the sources and totals of primary wealth annually produced in North Carolina, (2) the grand totals of accumulated wealth, and (3) the various uses of our wealth in productive business enterprises, such as agriculture, manufacture, and banking.

Our study at this time concerns Bank Account Savings in North Carolina: (1) the grand total in all banks in June, 1915; (2) our rank among the states of the Union in this particular; and (3) the significance of bank account savings.

The Bulk Total

Our total deposits on savings account in the 476 banks of North Carolina on June 23, 1915, amounted to \$22,010,650, as figured from the report of the Comptroller of the Currency, and our rank among the states of the Union in this particular was 28th: which is to say, 27 states made a better showing. Among these were four Southern states—Tennessee, South Carolina, Louisiana, and Virginia.

As we would naturally expect in North Carolina, where a major portion of time, money, and energy is expended on cotton and tobacco, the total of bank savings is far behind that of the New England states where life is mainly industrial. We also fall behind most of the Western states where farming is a well-developed, well-balanced system of crop and livestock activities, agricultural industries, and coöperative enterprises.

States Ahead of Us

New York, of course, leads with a total bank savings account of \$1,988,000,000. Seventeen states have bank savings amounting to more than 100 million dollars each. Among these is Iowa, which is almost entirely a farming state. In manufacturing capital it fell behind North Carolina in 1910 by 40 million dollars; but in bank savings it stood ahead of us by 128 million dollars. Its population was only 18,000 more, but its total of bank savings was more than seven times larger than ours. The Iowa people are bread-and-meat farmers, with enough supplies for home consumption and millions more to sell abroad from year to year. We are crop farmers mainly, cotton and tobacco farmers mostly, with food and feed deficits to supply by purchase—some 125 millions worth this year.

They create vast farm wealth under a system that allows them to save it. We create vast farm wealth under a system that forces us to send it abroad in order to keep body and soul together. And so their

per capita wealth in farm properties in the Census year was \$3,386; ours was only \$322, after 250 years of existence.

Indeed, the bank savings of Iowa in 1915 were more than those of the nine cotton-belt states all put together—more by nearly two million dollars.

Our Chance to Get Rich

It is not impossible for the farmers of North Carolina to raise corn, wheat, hay and forage, butter and eggs, milk and meat in quantities sufficient for home consumption, and at the same time to raise as much cotton and tobacco as we are now raising, and more. And if we were live-at-home farmers, with cotton and tobacco as surplus money crops, we should be rich beyond the dreams of avarice in ten years in our farm regions. We should be richer this year, for instance, by \$112,000,000, for this is the value of the cotton and tobacco we have raised during the season just closed.

As it is, almost every dollar of our cotton and tobacco money will go into the pockets of the bread-and-meat farmers of the Middle West, for we are not a self-feeding farm community, nor have we been so any year since the war. As a consequence, the vast cotton and tobacco wealth we create slips through our fingers year by year, our accumulated farm wealth is small, and our bank account savings are an accurate reflection of our defective farm economy.

It is easy to make money but hard to save it in the Cotton Belt. Thus two-thirds of the crop wealth in Alabama and Mississippi is produced by cotton alone; in North Carolina the ratio falls to a third. And so we are not surprised to find that our bank savings are more than the total of these two states combined. Indeed, our bank savings are greater than those of Texas, a state which is five times bigger than North Carolina and the greatest cotton growing area in the world.

Bank Savings Per Inhabitant

But, as has been said before, the comparison of states on the basis of totals is misleading, because the states differ greatly in area and in number of inhabitants. The real rank of North Carolina in bank savings appears when the comparison is on a per capita basis.

Dividing the total bank savings by the population of each state, we find results that range from \$3.49 in Arkansas to \$280.18 in Vermont. In North Carolina the average is \$9.28 per inhabitant and our rank on this basis is 40th among the states of the union.

In the New England states the averages are high, ranging from \$195 in Maine to \$280 in Vermont.

In the Middle West the averages range from \$14.61 in Missouri to \$78.84 in Michigan, which is largely a manufacturing state.

In the nine cotton-belt states the averages range from \$3.49 in Arkansas to \$16.38 in Louisiana. Our state is third in this list.

Now look at the averages for these cotton-belt states:

Louisiana	\$16.38
South Carolina	14.69
North Carolina	9.28
Mississippi	5.72
Alabama	5.38
Georgia	5.02
Texas	4.70
Oklahoma	4.37
Arkansas	3.49

Here are the unmistakable results of the policy we have persisted in for sixty-five long years—the policy of buying farm supplies with cotton and tobacco money. The true policy is to hold down at home a reasonable share of the wealth we create in our cotton and tobacco crops; not by raising less cotton and tobacco, but by giving greater attention to food and feed crops, livestock, and livestock products.

Why Our Small Savings

Our bank savings are small mainly because we have not yet realized the importance of a well-balanced farm system. Our farmers will prosper when they are self-financing, and they will be self-financing only when they are self-feeding. We have too little livestock, and pay too little attention to food and feed crops.

We produce great farm wealth year by year, but it slips through our fingers and goes to pay Western farmers for the bread and meat we fail to produce at home.

The average cotton farmer, who makes all of his bills payable in the fall when the crop is sold, cannot see far enough ahead to make ends meet and have a surplus besides.

The time-prices he pays for supplies at the store during the cropping season represent an interest charge that has been variously estimated at from 30 to 70 per cent; and no business on earth can produce a profit on a credit of this destructive sort.

Besides, he is tempted into extravagant buying, by the easy, expensive credit that he enjoys during the nine long, lean months of the cropping season, and again when his year's cash income descends upon him like an avalanche during the market season. If his farm system produced a steady weekly income in small amounts, it would lead him into habits of frugality and thrift. We need to raise crops that will mature at different intervals during the year, and to keep livestock to bring in a daily or weekly income, before we shall be able to increase our savings and pile up great totals as the years go on.

How Savings Can Grow

The best way for the farmers of North Carolina to get into habits of prudential thrift is to raise more of the staple food and feed crops, more milk and butter, poultry and eggs, pork and beef. It can be done while raising cotton and tobacco; and the cost of raising these crops can be immensely lowered by this system. It calls only for greater attention and a better distribution of labor effort. Cotton and tobacco are necessary. The wise farmer will raise them, but he will also produce his own bread and meat—a thing that foolish farmers have long neglected to do.

It will be a long time in the South before anything we can produce will equal our cotton and tobacco as cash crops. The main thing is not to try to supplant these with other money crops, but to make cotton and tobacco surplus money crops by a policy of self-support while they are being produced. An essential matter is to raise bread and meat crops for support, not for sale; and our failure to do this simple thing costs the South around a billion dollars a year.

What Bank Savings Mean

Bank savings first of all indicate frugality and thrift. The totals in the different states indicate varying ability and willingness on the part of the people to lay by something for a rainy day.

The tendency is most noticeable among farm owners. Seldom do we find bank account savings by renters in the cotton and tobacco belt of the South or in the corn belt of the Middle West. Tenancy prevails in these two areas, and therefore the bank savings accounts in these regions are small. In the second place, among the New Englanders the large totals on savings account in the banks indicate ingrained thrift, and it is more pronounced among the farmers of Vermont than among the factory hands and city dwellers of Massachusetts. We need more of it among the farmers of the South.

The main reason for our small bank account savings in North Carolina lies in the narrow margin between annual income and the amount required for necessary living expenses. The farmers of the cotton and tobacco area of North Carolina sell their entire crop within a few weeks, and the gross total they receive is usually required to pay the bills that they have made at the supply store during the cropping season.

We Must Use Banks More

In the next place, bank savings indicate a growing confidence in banks as strong boxes for the surplus wealth of thrifty people. Before the War banks in North Carolina were not used by depositors in any capacity—or so only to a very small extent. The total deposits

of all sorts in 1860 were only \$1,800,000. The savings deposits were nothing. But since the War our bank savings have been slowly on the increase. In 1890 they were only \$210,000, and the total last year registers a hundredfold increase in the last quarter century.

This marvelous increase shows that our people have more trust and confidence in banks today than ever before. There is less hoarding of money in socks, under hearthstones, and in out-of-the-way places than formerly. Unfortunately, many people have yet to learn that banks are necessary agencies of life and business in developing communities. All farmers who are endowed with business abilities nowadays patronize banks and make them serve useful purposes in their lives.

More Credit Unions

North Carolina leads the United States in the number of Coöperative Credit Unions among farmers. No other single agency of self-help will do more than these Credit Unions to promote frugality and thrift among our farmers and to teach them the business end of assembling resources, organizing credit machinery, and manufacturing credit thereby. These are all fundamental matters in any business.

The farmers of Europe have learned the trick of coöperating for credit purposes. In 1914 fifteen million of them, in 65,000 credit unions, did a credit business among themselves amounting to seven billion dollars. It has taken them 66 years to learn how to do it, but it was a lesson well worth learning.

And our Carolina farmers must learn these lessons of self-help and self-finance. So far our Credit Unions are few and feeble; they are living in the day of small things; but in my opinion they are more significant than Land Mortgage Associations under the new Federal law, and better worth multiplication and development.

How French Farmers Save

When we consider the poor showing made by North Carolina in bank account savings we conclude that we must be afflicted by a serious lack of frugality and thrift. The farmers of France produce upon an average \$126 of farm wealth per farm worker every year, and the bankers of France expect and count on \$16 out of every \$126 coming in to help swell the total bank resources of the state year by year. This is actually what happens. The French farmer for long years has saved \$16 out of every \$126 that he makes.

In North Carolina we have about 600,005 farm workers. Our farm workers produce an average \$296 per year in crops and livestock. The per capita farm wealth produced by farm workers in North Carolina is more than twice that produced by the French farmers; and if their savings were also \$16 apiece per year the savings in our farm regions

would be 10 million dollars a year, and \$100,000,000 in ten years, or a fifth the total wealth in farm properties accumulated in the last 250 years in North Carolina.

SOURCES OF INFORMATION:

Report Comptroller of the Currency, 1915.

Report State Bank Commission, December, 1915.

The 1910 Census of the United States.

Credit Union Primer. Russell Sage Foundation.

Reports W. R. Camp, State Superintendent of Markets and Credits.

Bank History in North Carolina—J. J. Parker and C. L. Raper.

BANK ACCOUNT SAVINGS

Total in All Banks, June 23, 1915, Divided by Total Population

M. H. RANDOLPH, *Mecklenburg County*

<i>Rank</i>	<i>States</i>	<i>Per Inhabitant</i>	<i>Rank</i>	<i>States</i>	<i>Per Inhabitant</i>
1	Vermont	\$280.18	25	North Dakota	\$ 28.62
2	Connecticut	274.92	26	South Dakota	27.72
3	Massachusetts	259.03	27	West Virginia	26.93
4	New Hampshire	251.56	28	Florida	24.04
5	Rhode Island	239.00	29	Arizona	23.88
6	New York	197.14	30	Nebraska	19.50
7	Maine	195.37	31	Oregon	18.24
8	California	168.90	32	Virginia	17.13
9	Maryland	108.51	33	Louisiana	16.38
10	New Jersey	93.48	34	Idaho	15.28
11	Delaware	84.85	35	South Carolina	14.69
12	Michigan	78.84	36	Missouri	14.61
13	Pennsylvania	78.34	37	New Mexico	13.03
14	Ohio	72.13	38	Kansas	10.59
15	Iowa	67.89	39	Tennessee	10.18
16	Nevada	63.21	40	North Carolina	9.28
17	Illinois	62.35	41	Kentucky	7.82
18	Utah	50.60	42	Mississippi	5.72
19	Minnesota	48.84	43	Alabama	5.38
20	Wisconsin	41.16	44	Georgia	5.02
21	Montana	37.74	45	Texas	4.70
22	Washington	32.14	46	Oklahoma	4.37
23	Colorado	31.68	47	Wyoming	3.85
24	Indiana	30.06	48	Arkansas	3.49

Thrift in North Carolina

J. K. HOLLOWAY, *Wake County*

University of North Carolina, 1916-17.

The table appended ranks the states according to the total of savings deposited in banks of all sorts, as these appear in the 1915 Report of the Federal Comptroller of the Currency. The figures for each state cover savings deposits, time deposits, and postal savings, as itemized by savings banks, state banks, national banks, loan and trust companies, and private banks reporting to the Washington authorities.

The National Total

In June of last year the people of the United States had more than 7½ billion dollars laid up against a rainy day. It was an average of \$7.50 per inhabitant, counting men, women, and children. Nearly half of this vast sum was deposited in the banks of Massachusetts, New York, and Pennsylvania.

Our North Carolina Total

Our bank savings in North Carolina were \$22,000,000—a sum nearly equal to the assessed value of the capital stock, real and personal property of the 482 banks on the 1914 tax digest of the State, which is to say, the primary resources of our banks in North Carolina are nearly doubled by our savings deposits alone.

In total savings deposits North Carolina ranked 28th among the states of the Union. Among the Southern states our rank was 5th. Virginia made a better showing by some 15 million dollars, and Louisiana by some 7 million dollars. South Carolina and Tennessee were only slightly ahead of us.

Our bank savings were nearly as great as the bank savings of both Alabama and Mississippi, and 50 per cent greater than those of Georgia. These three great cotton states somehow fall down on bank savings. And North Carolina stands nearly 2 million dollars ahead of Texas, the greatest of all the cotton-growing states.

The Thrift of Food Farmers

But now look at the bank savings of Iowa, a well-developed food-producing state. The total was nearly \$151,000,000.

It is \$10,000,000 more than the bank savings of nearly 19 million people in the eight leading cotton-belt states, from North Carolina to Texas!

Bank savings in Iowa average \$67.96 per inhabitant. In these eight cotton-belt states the averages is only \$7.37.

The Chance of Cotton Farmers

The South in an average year produces around a billion dollars of wealth in cotton, cotton seed, and linters. If by a well-balanced system of live-at-home farming we could hold down a reasonable proportion of this wealth from year to year we would be in ten years the richest agricultural region on earth.

Cotton farmers produce wealth; food farmers accumulate wealth. Mark that!

If cotton and tobacco farmers were also food farmers in some sufficient way, there is no imaginable limit to the wealth we might accumulate in the farm regions of the South.

Savings Accounts in North Carolina

On June 30, 1915, our savings on deposit in 474 North Carolina banks were \$22,010,650, as follows:

28	Joint-stock savings banks.....	\$5,457,571
80	National banks:	
	Time deposits	7,358,981
	Postal savings	28,008
348	State banks:	
	Savings department	5,333,654
	Postal savings	5,164
18	Loan and trust companies:	
	Savings deposits	3,814,388
	Postal savings	11,784

TOTAL SAVINGS DEPOSITS IN ALL BANKS, JUNE, 1915

Based on Report of Federal Comptroller of the Currency

J. K. HOLLOWAY, *Wake County*

University of North Carolina

<i>Rank</i>	<i>States</i>	<i>Savings Deposits</i>	<i>Rank</i>	<i>States</i>	<i>Savings Deposits</i>
1	New York	\$1,988,534,936	11	Maine	\$149,977,941
2	Massachusetts	958,555,867	12	Maryland	146,703,822
3	Pennsylvania	656,873,116	13	Rhode Island	144,063,918
4	California	481,088,058	14	New Hampshire ...	110,833,596
5	Illinois	378,497,300	15	Minnesota	109,747,176
6	Ohio	368,086,581	16	Wisconsin	101,811,644
7	Connecticut	336,395,702	17	Vermont	101,554,402
8	New Jersey	269,396,666	18	Indiana	84,111,968
9	Michigan	237,735,398	19	Missouri	49,665,662
10	Iowa	150,944,406	20	Washington	47,286,736

<i>Rank</i>	<i>States</i>	<i>Savings Deposits</i>	<i>Rank</i>	<i>States</i>	<i>Savings Deposits</i>
21	Virginia	\$37,799,448	35	Kentucky	\$18,507,076
22	West Virginia.....	36,625,342	36	Delaware	17,955,608
23	Colorado	29,654,641	37	Montana	16,836,919
24	Louisiana	29,506,866	38	Oregon	14,769,618
25	Nebraska	24,650,686	39	Georgia	14,146,331
26	South Carolina....	23,627,945	40	Alabama	12,386,625
27	Tennessee	23,135,163	41	Mississippi	11,023,547
28	North Carolina....	22,010,650	42	Oklahoma	9,248,649
29	Utah	21,472,993	43	Wyoming	6,718,886
30	Florida	20,934,266	44	Nevada	6,494,404
31	Texas	20,442,462	45	Idaho	6,298,647
32	North Dakota.....	20,409,795	46	Arkansas	5,993,909
33	Kansas	19,138,874	47	Arizona	5,905,976
34	South Dakota.....	18,865,814	48	New Mexico	5,172,985

Our Taxable Wealth

H. B. SIMPSON, *Union County*

The North Carolina Club at its last fortnightly meeting considered the subject of Taxable Wealth in North Carolina, Total and Per Capita, Mr. H. B. Simpson of Union County leading.

Hitherto we have been studying (1) the production of primary wealth in North Carolina, and (2) the retention, accumulation, and business uses of our wealth, but tonight, said Mr. Simpson, we turn our attention to the uses we are making of our wealth in promoting the common weal.

Hiding Out a Billion Dollars

Our estimated actual wealth in North Carolina in 1912, said he, was a billion eight hundred million dollars, in round numbers, according to the Census authorities; but we were willing to put on the tax books only 807 million dollars in 1914. In other words, we hid out a round billion dollars from the tax lister and the sheriff.

Twenty-four states surrendered larger property totals to the tax gatherers, and five of these were Southern states.

But totals do not tell the whole story, because the states differ greatly in size and in density of population. A comparison based on per capita taxable wealth comes nearer revealing the true situation.

Minimum Wealth Per Person

On a per capita basis, the taxable wealth of North Carolina in 1912 averaged only \$323.90 per inhabitant, and our rank in this particular was 40th. That is to say, only eight states made a poorer showing. In the South, Virginia, Kentucky, Oklahoma, and Texas each made a better showing.

Our per capita true wealth was \$794; but our per capita taxable wealth was only \$323. In other words, the property we were hiding out averaged \$471 per inhabitant. Nevertheless, we raise our right hands and solemnly swear year by year that we are listing our property at its "true value when sold for money in the ordinary manner of sale"! It has been profanely said that "The Lord loveth a cheerful liar." Let us fervently hope so.

There is a great need in North Carolina for a larger willingness on the part of property owners to pay taxes as a means of public progress and prosperity; and an equal need for efficient government. A more liberal state of mind will come about only when our people are brought to realize that they enjoy social, civic, and educational advantages in liberal measure for all the taxes they pay into the public treasuries.

For long centuries people paid taxes for protection alone—protection of person and property against robbery, fraud, and violence, and the general reluctance of taxpayers grew out of the minimum benefits the taxpayers received or thought they received. Only of late years are people getting the notion that taxes are also an investment in public progress and prosperity, and that they receive for their taxes immediate returns in better roads, better schools, and, in consequence, better churches and larger opportunities in business.

Dodging Taxes

Our trouble lies in the well-nigh universal impulse to undervalue properties in order to escape the payment of taxes; and the taxpayer is tempted to do so by the fact, as he says, that everybody else is doing the same thing. Getting money into the public treasuries of North Carolina is very much like handing around a hat in church. Everybody puts in about what he pleases—much, little, or nothing, as the case may be.

Our present system of taxation invites and rewards dishonesty. However, there is a growing demand for tax reform. The present Legislature has appointed a special commission to consider and report upon the matter two years hence.

Publicity Needed

But we venture to say that nothing will be done in tax reform in North Carolina until the people of every township know in concrete detail the inequities and iniquities in the tax returns of their own home communities. If every county paper on December 1st of every year were only required to publish the name of every property owner, with the amounts opposite each name showing personal property, real estate, and solvent credits listed for taxes, we should have tax reform or a riot in every township and county in the state. We say this after examining a classified list of taxpayers in 1916 in a single township, made by a member of the North Carolina Club last fall. There is no remedy like publicity for wrongs in a democracy.

Cheap-scale Government

By holding a billion dollars off the tax books we are of course forced down to government upon a cheap scale. In 1915 the per capita cost of state government in North Carolina was \$1.76. It was greater in 46 states. It was less in only one.

This amount per inhabitant means mighty little for all the necessary purposes of state government in North Carolina. How little it is appears in the following figures, which show what went with our \$1.76 per

inhabitant in 1915: for highways and recreation less than 1 cent, for public health and sanitation 5 cents, for the protection of person and property 10 cents, for the conservation and development of resources—mainly agriculture—11 cents, for general government—legislative, executive, judicial, upkeep of public buildings and the like—14 cents, for general expense—old soldier pensions mainly—25 cents, for charities, hospitals and corrections 39 cents, and for public education and libraries 71 cents.

Our \$1.76 per inhabitant is mighty little when compared with the average in the United States, \$3.85. Kentucky and Texas spend twice as much, Michigan and Wisconsin five times as much, and Nevada nearly ten times as much.

Our tax revenues are so small that we are forced to operate every state enterprise upon a cheap scale.

Falling Behind

North Carolina is falling behind other states in the care of her old soldiers, her insane, her deaf and blind, her feeble-minded, maimed and crippled children. Bills are now before our Legislature calling for new or larger appropriations for all these purposes. We ought to have liberal public revenues for all the charitable institutions of the state. We need larger support for public health work. The Governor is calling for \$50,000 as a special fund to be applied to reducing the appalling illiteracy of the state. The institutions of higher learning and technical training all need larger working incomes. We need an ample fund for our state highway commission. We need an immense increase of public library facilities.

All these needs must be supplied by the revenues derived from public taxes. With them North Carolina can take her rightful place among the states of the Union. Without them she must always trail the rear in the forward march of American states.

A recent Bulletin of the Federal Bureau of Education shows that 33 states make a better showing than North Carolina in daily public school attendance; 38 a better showing in the average number of days attended; 42 a better showing in the number of high school students; 35 a better showing in the number of college students; 46 a better showing in school property per child; 36 a better showing in school expenditures per thousand dollars of estimated wealth; 45 a better showing in the value of school property per child of school age; 45 a better showing in expenditure per child in average daily attendance; 46 a better showing in salaries based on average daily attendance; 46 a better showing in average annual salaries paid to teachers; and 44 a better showing in the length of public school terms.

These are some of the things I have in mind, said Mr. Simpson, when I speak of North Carolina's trailing the rear of American states. And it must always be so as long as we are willing to hold off our tax books a billion dollars worth of property. We must recover somehow from our ancient aversion to tax paying. We live in a world of big-scale production, big-scale thinking, and big-scale achievement. We cannot afford to indulge in pint-cup notions about matters as fundamental as taxation, education, public health and sanitation, improved highways, library facilities, public hospitals, juvenile courts and reformatories, modern prisons and modern prison reforms.—*University News Letter*, February 21, 1917.

SOURCES OF INFORMATION:

Financial Statistics of the States. U. S. Census Bureau Bulletin, 1915 and 1916.

Estimated National Wealth in 1912. U. S. Census Bureau Bulletin, 1915.

Report State Corporation Commission, 1915.

Bulletin U. S. Bureau of Education on Elementary School Support in the U. S.

Daybreak in Carolina

E. C. BRANSON, *University Faculty.*

Just as we go to the printers with this issue of the *University News Letter* we learn that the Legislature has finally decided upon a three-million-dollar bond issue to provide in larger and better ways for the unfortunate and the aspiring sons and daughters of North Carolina—her wards and her jewels; for—

The deaf, the blind, and the feeble-minded,

The insane and the epileptic,

The victims of tuberculosis,

The wayward boys and girls,

The children in the common schools,

The training of teachers,

The training of farmers and industrial engineers, thinkers and leaders in life and business, in letters, arts, and science.

Big-scale Policies

This bond issue means better public school houses, and more buildings and larger space for infirmaries and clinics, dormitories and dining halls, classrooms and laboratories in—

The Schools for the Blind in Raleigh.

The Schools for the Deaf in Morganton,

The Hospitals for the Insane in Raleigh, Morganton, and Goldsboro,

The School for the Feeble-Minded in Kinston,

The Jackson Training School in Concord,

The State Normal and Industrial College in Greensboro, the Teacher Training Schools in Greenville, Boone, Cullowhee, and the Negro Normal Schools in Winston-Salem, Elizabeth City, and Fayetteville,

The State College of Agriculture and Engineering in Raleigh, the Negro Agricultural and Technical College in Greensboro, and the University in Chapel Hill.

What a list of appealing causes!

What a list of noble institutions!

At last North Carolina is thinking worthily and largely about her unfortunate and her aspiring sons and daughters.

It is the state's first large investment in welfare and well-being, progress and prosperity.

The Yoke is Easy

To be sure, it means larger state revenues; but not enough larger to impoverish the taxpayer, large or small.

The annual interest on these bonds means upon an average less than 5 cents apiece per inhabitant or less than 25 cents per family.

It means no increase at all for the very large number of taxpayers who pay on polls alone.

And no increase at all on two-thirds of the whites of the state who have no real and personal property on the tax books.

And only a very small increase for two-fifths of our whites who pay any property tax whatsoever; for at present they pay on less than \$500 apiece, or less than \$2.50 for all the various purposes of state government. An increase of 10 cents apiece will hardly bankrupt any one of them. Ten cents represents the price of a picture-show ticket or two, or a plug of tobacco, say.

The increased tax burden falls a little more heavily upon the remaining three-fifths of our white taxpayers who have more than \$500 on the tax list.

The bulk of the burden falls on the 6 per cent of our white property owners who pay taxes on \$5,000 or more and who own half of all the real and personal property of the state.

Thinking Like Solomon

And this corporal's guard of heavy taxpayers in North Carolina—the well-to-do, the rich, the owners of corporate businesses—have long been persuaded that Solomon was wise when he said:

“There is that scattereth and yet increaseth; and there is that withholdeth more than is meet, but it tendeth to poverty.

“There is that maketh himself rich and yet hath nothing; there is that maketh himself poor and yet hath great riches.”

The day of big-scale thinking about the big-scale concerns of developing democracy is at hand in North Carolina.

Archibald D. Murphey dreamed this splendid dream a hundred years ago, but it was left to Governor Bickett and the Legislature of 1917 to bring it to pass.—*University News Letter*, March 21, 1917.

Our State Revenues and the Per Capita Cost of State Government

S. H. HOBBS, JR., *Sampson County*

The question to be discussed tonight, said Mr. Hobbs to the North Carolina Club, is, "How generously are we surrendering our properties to support the state and its purposes, and How efficiently is our state government using its revenues to promote the public welfare."

Total State Revenues in 1914

The total tax revenues received from the taxpayers of North Carolina for the general purposes of state government in 1914 were \$4,706,347. These figures do not, of course, cover transfers and other nonrevenue receipts. The amount expended for governmental purposes was some \$300,000 more than the receipts from the taxpayers: which is to say, the state was operating upon a five-million-dollar basis in 1914. Twenty-seven states were operating upon a more liberal cost basis, and nine of these were Southern states, as follows:

North Carolina	\$ 5,003,902
Mississippi	5,115,025
Tennessee	5,522,627
Oklahoma	5,656,865
Georgia	6,330,346
Alabama	7,438,722
Kentucky	8,670,980
Virginia	8,835,293
Louisiana	9,898,580
Texas	16,364,780

Clearly the taxpayers of North Carolina are not burdened with taxes for state support beyond the majority of Southern commonwealths.

The General Property Tax is Less Than Half the Total

1. But our taxpayers in general, that is to say, everybody that had any real or personal property on the tax books, paid less than half of the total state tax revenues. The amount paid in on account of the general property tax in 1914 was only \$2,223,878. This is the tax that reaches every property owner who is honest enough to confess to the tax lister

the ownership of property of any kind. This is the tax burden against which we kick, and which we dodge all we possibly can. It will doubtless surprise most property owners to learn that the tax they pay amounts to less than half the grand total of revenues received by the state.

Now bear in mind the fact that two-thirds of the white population of the state have no property of any sort whatsoever on the tax books, and also that two-fifths of the white taxpayers that pay a property tax at all have less than \$500 on the tax books, and in 1914 paid on an average only \$1.20 apiece or less to support the state and its institutions.

2. The next largest source of state revenue is earnings by the various state departments and state institutions. The total in 1914 amounted to \$1,136,341. It was slightly more than half as much as the total received from general property taxpayers. This total covers earnings or receipts by (1) the general government—mainly the capitol offices, (2) the departments or offices charged with the protection of persons and property, (3) the departments charged with the development and conservation of natural resources—mainly agriculture, (4) the department of health and sanitation, (5) the department of charities, hospitals, and corrections, (6) state educational institutions, and (7) pensions and gratitude receipts.

Strange as it may seem, the largest detail of this total, \$429,451, came from state educational institutions, and the next largest sum, \$244,914, was from the state penitentiary. Tuitions and fees in the state schools and hospitals were of course applied directly to necessary purposes, but penitentiary profits and other such receipts became a part of the general state revenues. But however derived, these revenues lessened the burden of the general taxpayer.

3. The next greatest source of state revenue is the business tax. Business taxes are taxes upon business and business activities paid by persons natural and corporate (1) in proportion to the volume of their business, (2) by reason of the business in which they are engaged, or (3) by reason of some business activity which constitutes a part of their business, and are not levied in proportion to benefits received or expenses entailed by the government. The grand total of revenues from this source was \$620,697. Mainly this total covers the B and C schedule of special license taxes. It is a little more than a fourth as much as the general property tax revenues.

4. Interest on state moneys, mainly on state funds deposited in banks, railroad stock dividends and the like, constitute the next most important source of revenue. The total amount from this source was \$288,577, or almost half as much as the receipts from business taxes.

5. Special property taxes rank next in importance. These are in the

main taxes on corporations, on savings banks, and life insurance companies. The revenues from special property tax in 1914 amounted to \$208,516.

6. Subventions, or gifts by the nation to the state for specific purposes, netted the state treasury \$85,206. These were for the A. and E. College, the State Experiment Station, and the farm and home demonstration work.

7. Nonbusiness license taxes are the next most important source of revenue. Under this head comes (1) general license taxes, as taxes on automobiles, dogs, bicycles, etc., and (2) permit taxes, as marriage licenses, etc. The total revenue from nonbusiness license taxes amounted to \$70,955.

8. Poll taxes were the next most important source of state revenues in 1914. The state poll tax is \$1.43, but only 12 cents of this amount goes to the state treasury; the rest is retained in the counties where collected and is applied to schools, pensions, and care of the poor. The poll taxes amounted to \$35,902 in 1914, and to \$38,570 in 1915.

9. Donations, or gratuitous contributions by individuals and corporations for establishing and maintaining hospitals, libraries, and kindred institutions in 1914 amounted to \$24,573, or almost three-fourths as much as the total derived from poll taxes.

10. Lastly, fines, forfeitures, and escheats in 1914 ran up a total of \$11,035.

Per Capita Revenues

In order to make the above statements more impressive and significant let us reduce these state revenues to a per capita basis.

Our per capita revenue receipts from all sources whatsoever amounted to only \$2.01. Only one state in the Union, South Carolina with \$1.72, had less money per inhabitant for the various purposes of state government.

But what is more significant is our small per capita property tax revenues. This amounted to the amazingly low total of \$1.04 per inhabitant. That is to say, the average per capita burden on all property, general and personal, in North Carolina in 1914 was only \$1.04; the amount being lower in only two states, Delaware with \$1.02, Missouri with \$0.91.

Yet when the question of increased tax assessment or increased tax rates is raised, a piteous wail is immediately uttered by the half million property taxpayers of the State. Our State tax rate of 47 $\frac{2}{3}$ cents on the hundred dollars worth of property is sufficiently high to raise all necessary state funds if only our property were put on the tax books at even half the market price. In 1914 the taxpayers in North Carolina were hiding out a full billion dollars worth of property from the sheriff.

The Per Capita Cost of State Government in 1914

Having our total and our per capita revenues clearly in mind, we proceed to analyze the distribution of these funds mainly on a per capita basis because it brings us closest to the real facts of cost.

1. Our total cost payments for state government purposes, including expenses of all kinds, amounted to \$2.14 per inhabitant, the cost being lower in only one state, South Carolina with \$1.87 per inhabitant. The average for all Southern states was \$3.20 or a third more than the average for North Carolina. No other group of states expended as little for state purposes as did the Southern states.

2. General department expenses will be our main consideration, since these cover the big bulk total of state government costs. These are expenses incurred in protecting persons, property, and health, providing social necessities, promoting the general welfare of the laboring classes, caring for dependents and defectives, restraining and punishing delinquents, bettering social conditions, promoting education, research, literature and art, providing for recreation, caring for productive properties, managing investments, negotiating loans, and performing other services and carrying on other activities authorized by law for state government ends.

The Cost in North Carolina Was \$1.76

The tax burden for all these purposes in North Carolina in 1914 was only \$1.76 per inhabitant. Its application was as follows: highways and recreations, less than 1 cent; public health and sanitation, 5 cents; protection of property and person, 10 cents; conservation and development of resources—mainly agriculture, 11 cents; general government costs—legislative, executive, judicial, upkeep of public buildings and the like, 14 cents; general expenses—old soldiers pensions mainly, 25 cents; charities, hospitals, and corrections, 39 cents; and public education, 71 cents.

These figures do not cover the state's outlays or investment in public buildings, equipments, and improvements, or interest charges on funded, floating, and other debts, either in North Carolina or other states.

Operative Cost Only 14 Cents Per Inhabitant

The per capita operative cost—that is the cost of the legislative, executive, and judicial branches of state government, the upkeep of public buildings and the like—amounted to only 14 cents per capita, while the revenues received from general department earnings amounted to 49 cents per inhabitant. Our state department and various state institutions turn into the state treasury a clear profit of 35 cents per inhabitant. They are not a burden on the taxpayers; on the contrary,

they are self-supporting and profit-producing. The receipts of the governor's office, for instance, paid the governor's salary and \$284 over. The state departments and offices in 1914 cost \$333,000, but their receipts amounted to over \$700,000.

The per capita operative cost of state government was higher in every other state in the Union, except Georgia, which exactly equaled North Carolina in the per capita cost of state government.

This 14 cents represents what it costs per capita to oil the civil machinery of the state, what it costs to collect and expend \$1.62 for commonwealth support and protection, progress and prosperity. The average in the various states ranged from 14 cents per inhabitant in North Carolina to \$1.91 in Nevada. The average in North Carolina was barely a third the average for all the Southern states and less than a third for the United States.

In Arkansas and Tennessee it was nearly twice as much; twice as much or more in Oklahoma, South Carolina, and Mississippi; three times as much or more in Louisiana, Virginia, and Texas; four times as much in Florida, and five times as much in Kentucky.

Nearly the Cheapest on Record

To summarize briefly, we have seen that the revenue derived from the general property tax is only about a third the total revenue receipts of the state; that our governmental cost payments are small as compared with other states; that the state per capita revenue receipts are smaller in only one state; that our total governmental cost payments per capita were smaller in only one state; that our per capita expenses for general government were lower in only one state and equaled by only one state.

These facts ought to ease the minds of the taxpayers who pay taxes grudgingly in North Carolina. Our state government operates economically. Our taxes are small—indeed, too small for public welfare. In consequence North Carolina lags behind some 46 states of the Union in state enterprises that protect the people, that care for the old soldiers, the sick and the afflicted, and that promote education, progress, and prosperity in adequate ways.

This study, I may say, has been based on the Financial Statistics of States (covering the year 1914 in North Carolina) issued by the Federal Census Bureau, and on the *University News Letter*, Vol. II, Nos. 48 and 49.

State Government Expenses and Department Earnings

R. E. PRICE, *Rutherford County*

We pay state taxes in North Carolina to defray the expenses of our state government. Everybody knows that, even the stupidest taxpayer; but what the average citizen does not know in any competent way is what becomes of the state tax money the sheriff wrings from him year by year. He submits with the same sort of feeling that he has when the dentist pulls an eye-tooth; and he dodges as much as he can and as long as he can. On the other hand, he rarely stops to think of the benefits that come to him in return for the taxes he pays, or how defenseless he would be if he lived in a community that paid no taxes at all, as in Dahomey, for instance. He pays his taxes in a lump sum at some particular time of the year; he sees it go and kisses it goodbye sadly; but he sees little or nothing coming back to him for the tribute he pays to Cæsar.

And so on this occasion I am trying to make just as simple and clear as I can (1) What benefits the taxpayer receives from the money he pays into the state treasury, said Mr. R. E. Price of Rutherford County to the North Carolina Club at the University the other night; How it is spent, Who spends it, and What it is spent for. At the same time I shall show (2) that the earnings or receipts of the various state departments and institutions amount to more than a million dollars a year; that this large total does not come out of the taxpayer's pocket as taxes; that it is nearly half as much as the total taxes paid on real and personal property; and that in an instance or two a state department is self-supporting and costs the general taxpayer nothing at all.

The figures I am using come from a recently issued census bulletin, *The Financial Statistics of States*, and they cover the year 1914 in North Carolina. I have tried faithfully to check these figures with the reports of the various departments of our state government, and I find it well-nigh impossible, owing, I think, to the fact that the classifications of the Census Bureau differ greatly from those of our state house officers, and not because either the state or the Federal authorities are in error in any detail.

WHAT STATE GOVERNMENT COSTS

The cost of government by the state in 1914 was a little over five million dollars (\$5,033,902), and this total covers (1) moneys paid out by the various departments of state for the ordinary purposes of government, (2) interest on state bonds, floating indebtedness, and the like and (3) outlays or investments in permanent improvements, new public buildings, and the like.

1. Twenty-eight states paid out larger sums for general government purposes (exclusive of interest charges and outlays). Among these were nine Southern states, as follows:

North Carolina	\$ 4,115,194
Tennessee	4,527,627
Oklahoma	4,642,358
Mississippi	4,713,488
Louisiana	5,455,999
Georgia	5,916,691
Alabama	6,731,990
Virginia	7,583,471
Kentucky	8,394,739
Texas	15,592,393

Only three Southern states were operating upon a smaller scale than North Carolina; and these were Florida \$2,565,105, South Carolina \$2,600,812, and Arkansas \$3,720,367.

Interest and Investments

2. The amount paid out as interest on state bonds, floating debt, and all other indebtedness on the part of the state was \$416,056. In Alabama it was 50 per cent more, in Kentucky it was nearly twice as much, in Virginia it was more than twice as much, and in Louisiana it was \$1,219,846, or nearly three times as much. Louisiana's bonded debt is more than twice that of North Carolina, and Virginia's nearly three times as great.

3. During the year the state invested in new buildings, equipments and the like \$472,652. This sum was spent for enlarged facilities in the care of our blind, deaf and mute, of those stricken with insanity and tuberculosis, of our infirm old soldiers, and for agriculture, educational institutions, and the like. Nearly a fourth of the total was spent for buildings and equipments needed for the charities of the state. The rest went to increase the facilities of the state in agriculture and higher education.

We are detailing these three large purposes of state government in order to show at once how much and how little a great commonwealth is doing for the people it represents, serves, and safeguards.

Automobiles and State Expenses

These totals are small considering the fact that the value of all the land, buildings and equipments owned by the state is only \$13,193,775, while our investment in motor cars, some 35,000 reckoned at \$400 apiece, is 14 million dollars. And what is more, the annual upkeep of our automobiles, reckoned at \$150 apiece, is more than the annual cost of our state government. As a matter of fact it now costs more to keep

our motor cars going than it does to keep the machinery of state government going in North Carolina. The annual bill for motor car upkeep is \$5,250,000; for state maintenance it is \$5,003,902; or so it was in 1914.

What State Revenues Were Spent For

State revenues were paid out for twelve purposes, as follows:

1. The civil establishment	\$ 333,460
2. The protection of person and property.....	221,367
3. Conservation of natural resources—agricul- ture mainly	260,911
4. Conservation of health	122,199
5. Public highways	5,297
6. Charities, hospitals, and corrections.....	918,297
7. Education	1,663,308
8. Recreation—educational	6,179
9. Pensions	546,090
10. Miscellaneous incidentals	38,088
11. Interest on bonded debt, floating debt, etc....	416,056
12. Outlays in new buildings, equipments, etc....	472,652

Grand total\$ 5,003,904

A Dollar of State Revenue

Bear in mind that while our total state expenses amounted to a little more than 5 million dollars in 1914, less than half this amount, or only $2\frac{1}{4}$ million dollars, were paid in by the general property taxpayers of the state. The balance represents receipts from a great variety of special sources.

However, every dollar spent by the State in 1914 was paid for state purposes and benefits as follows:

<i>Purposes</i>	<i>Cents</i>
Education	33.24
Charities, hospitals, and corrections.....	18.35
Pensions	10.91
Outlays, new buildings, etc.....	9.44
Interest	8.31
Civil establishment	6.66
Conservation natural resources.....	5.21
Protection of person and property.....	4.42
Conservation of health	2.44
Miscellaneous incidentals75
Recreation—educational13
Public highways10
Total	100 cents

A glance will show nearly two-thirds or 62½ per cent of all the money paid out of the state treasury went straight back to the people for our common schools, our schools of technical and liberal culture, our deaf and blind, our insane and feeble-minded, and the support of our old soldiers.

As for our state house officers and departments, they received less than a fifteenth of the total. The average man thinks that his tax money goes to fill the rack of officeholders with fodder. It doesn't, of course; but most taxpayers don't know it. They ought to know it, and that's why I'm trying here to make the fact simple and clear.

DEPARTMENT EARNINGS

The earnings or receipts of the different state departments and institutions in 1914 amounted to \$1,136,341. They were less in 33 other states and more in only 15. This income arises from seal taxes, registration fees, inspection fees, services rendered private and corporate persons, profits earned, and so forth.

In many or most states the fees of the state house officers are the perquisites of the officeholders; but in North Carolina they must be accounted for in a businesslike way and turned into the state treasury. Strange to say, the law gives no direction to the \$9,397 of such receipts held by our Supreme Court.

But aside from this item, such earnings, some \$400,000 in 1914, went into the treasury of the state and served to lessen the burden upon the general taxpayer. Thus, the fees of the governor's office paid his salary and \$284 over. The fees arising from the inspection of oils, feeds, seeds, fertilizers, along with other receipts, more than paid all the expenses of our Department of Agriculture. Our penitentiary system showed profits beyond expenses amounting to more than \$40,000. The chances are that needed prison reforms would show somewhat more of profit by our social offenders and a good deal less of profits for the state treasury.

The earnings or receipts of our charity and educational institutions amounted to \$733,569. This sum represented room rent, table board, attendance, sales, tuition fees, registration and other fees, as allowed or required by the laws of the state. Such receipts are not turned into the state treasury, but are retained and applied to the urgent daily necessities of these institutions.

Let us now consider in brief detail the purposes for which the state dispenses its revenues and the governmental cost of each.

1. The Civil Establishment

In 1914 the cost of the legislative, executive, and judicial branches of our state government was \$333,458; and this total includes the expense

of our superior courts, the cost of elections, and the upkeep of general public buildings. It represents a tax burden of 14 cents per inhabitant, counting men, women, and children. It was the same in Georgia. These two states have the least expensive civil establishments in the whole United States. The per capita cost in 5 other Southern states was around twice as great; in Louisiana, Virginia, and Texas it was more than three times as great; while in Nevada it was more than 13 times as great. Here is at least one item of state expense that is really small enough to brag about.

2. Conserving Natural Resources

This purpose of our government concerns our farms and farmers, our mines and forests, our fish and game. The total expended for these purposes amounted to \$260,911, as follows: Department of Agriculture \$242,391; Geological and Economic Survey \$15,235; and the Fish and Game Commission \$3,285.

Our Agricultural Department, as we have already shown, paid its own way and turned a profit of some \$40,000 into the state treasury.

In the protection of fish and game the state makes rather a sorry showing. North Carolina has no state-wide game law and no game commissioner. Our law for the protection of fish and oysters is state-wide and excellent. It is, as a matter of fact, a model law, but, as the boys say, it does not get across for some reason. So far the expense of this department represents a dead loss of \$455 in 1914 and nearly \$10,000 in 1915, all without appreciable results.

On the other hand, Alabama has a Fish and Game Protection department under a commissioner with uniform state-wide powers. The receipts from licenses and fines pay all the department expenses and turn a balance into the state treasury year by year. In September, 1914, this balance reached a total of \$35,120. But best of all, the law and its application effectively protect the fish and the game of the state; and so in Alabama, Georgia, Louisiana, Wisconsin, and other states that come to mind just at the moment.

4. Protection of Persons and Property

The state spent \$216,075 in the protection of persons and property. This service by the state to its citizens means police expense, militia and armories, labor statistics, the inspection of feed, seed, fertilizers, oil, weights and measures, the inspection and regulation of insurance companies, banks, building and loan associations, public-service corporations, and the like. A little less than 4½ cents of every dollar spent by the state went for these purposes. It could hardly be less, and the urgent need for ample protection considered, it ought to be more.

5. The Conservation of Health

The state spent \$122,199 in 1914 in teaching the people of North Carolina about the treatment and prevention of communicable diseases, about public health and sanitation, in the medical inspection of schools, in anti-typhoid campaigns, in gathering and publishing vital statistics, and in curing the victims of tuberculosis at our state sanatorium or so far as this was possible in a small institution. No money was better spent. And the cost was only 5 cents apiece per inhabitant, counting men, women, and children. Eighteen states spent more money per inhabitant upon public health and sanitation, but Dr. Charles V. Chapin in a recent survey of State Health Departments ranks North Carolina among the 12 foremost states of the Union in the results obtained.

6. Public Highways

In 1914 the state spent \$5,297 upon public highways. We did not even have a state highway commission until 1915. But in 1917 the Legislature increased the supporting fund of this commission from ten to twenty thousand dollars a year, and its operating fund this year will be 30 per cent of the automobile license tax and \$229,000 of Federal road money. It is now prepared to coöperate with the Federal and county authorities in directing the expenditure of more than a half million dollars in building and maintaining public highways.

Heretofore road building in North Carolina has been left to county and municipal effort, stimulated by the flaming gospel of improved highways preached for long years by Dr. Joseph Hyde Pratt, the head of our Geological and Economic Survey. The results of his activity appear in the fact that in 1914 North Carolina outranked 29 states in the amount of money spent upon roads and bridges, 32 states in the total miles of surfaced road, and 37 states in the amount of outstanding road bonds. Indeed, the bonded debt of our counties and municipalities for good roads was greater at that time than the bonded debt of the state.

7. Charities, Hospitals, and Corrections

The money paid out of the state treasury in 1914 for the support of Charities, Hospitals, and Corrections was \$918,297. It was nearly a fifth, or 18.35 per cent, of all the money expended for the ordinary purposes of state government. It went to care for the blind, deaf and mute of the state, the orphans in the Oxford asylums, the insane and epileptic, and for similar other charities. The Jackson Training School for wayward boys received \$16,891, and the penitentiary system \$204,304. But, as we said before, the penitentiary in 1914 paid into the treasury

\$40,610 more than it received therefrom. We are only just now awaking to the necessity of making our penitentiary a man-making instead of a money-making institution.

8. Education

By far the largest total paid out of the state treasury was for Education—\$1,663,308, or nearly a full third, or 33.24 per cent, of all the ordinary expenditures of the state during the year. The details were (1) the expenses of the Department of Public Instruction in Raleigh, (2) the common schools, (3) the state library, and (4) the state institutions of technical training and liberal culture—the 7 normal schools, the two A. and E. colleges, and the University. Twenty-seven states spent more for these purposes, and eight of these were Southern states. Georgia and Alabama spent nearly twice as much as North Carolina, while Virginia and Kentucky spent more than twice as much. The money paid out of our state treasury for education in 1914 averaged only 71 cents per inhabitant.

In passing I may say that only 8.1 per cent of it went to the University of North Carolina. A larger share of the state education fund went to the University in 29 states. In 1917 the Legislature was more liberal and for the first time in the history of the state the University of North Carolina will be getting from the state treasury a respectable building and supporting fund—\$165,000 a year for support for two years, and \$100,000 a year for buildings and equipments for five years.

9. Recreation

The expenditures for recreation in the various states cover parks and reservations, monuments and memorials, general and educational recreation. In all the states the amounts so spent are small. They are largest in New York state, Pennsylvania, and Maryland. Public parks and gardens, art memorials, playgrounds and recreation in general in the European countries indicate a high level of esthetic development. But so far beauty and joy have only a small place in American administrations. Our state treasury bill for recreation in North Carolina in 1914 was only \$5,179. It was more in 22 states.

10. Pensions

The care of our old Confederate soldiers and their widows called for treasury payments amounting to \$546,000. The Confederate Home in Raleigh received \$33,847 of this total. Our old pensioners received all told nearly a ninth of the state revenues, and it ought never to be less, if possible it ought to be more; and it was more in eight other Southern states. It was, indeed, nearly twice as much in Alabama and Georgia.

11. Interest

In addition to the purposes of government above named, the state, like any other business corporation, is unavoidably obliged to operate upon borrowed money. No ordinary business could live for thirty days without a credit account in some lending institution. And so North Carolina has a credit account. It consisted (1) of a bonded indebtedness of \$8,673,000 in 1914. The bond indebtedness of our counties was larger by one and a half million dollars; and in 1916 the bond indebtedness of our cities was nearly three times that of the state. And then in the run of the year there was (2) the necessity for borrowing money and paying interest on temporary loans.

The interest charge on our funded debt was \$391,541 and on floating and other debt was \$24,515. Our total interest burden averaged nearly 18 cents per inhabitant.

12. Outlays

And, finally, the state treasury paid out \$472,652 in 1914 for new buildings and enlarged facilities, as follows:

The Jackson Training School.....	\$ 6,810
Monuments	7,306
The blind, deaf, and mute.....	7,946
Insane hospitals	60,480
All other charities	26,950
State armories and militia.....	8,600
The conservation of health.....	9,547
Agriculture	19,753
Schools	241,826

These are new investments in welfare and well-being, progress and prosperity. They mean better housing and more floor space for the unfortunate children of the state, as well as for her aspiring sons and daughters. It represents the small expense of 20 cents per inhabitant.

For these and kindred purposes the Legislature of 1917 has authorized a three-million-dollar bond issue, a half million a year during the next six years. It is the state's first really large investment in these noble purposes. It is the dawn of a new era in North Carolina—the era of big-scale thinking about the big-scale concerns of a developing commonwealth. The annual interest on these bonds when the full series has been issued and sold will be \$120,000 a year, which means 5 cents apiece per inhabitant. The law authorizing the issue provides a sinking fund that retires all these bonds in thirty years.

The dream that Archibald D. Murphey dreamed a hundred years ago has been realized by Governor Bickett and the Legislature of 1917. It

has taken the state a full century to legislate largely and worthily in behalf of her afflicted and her ambitious children—her wards and her jewels.

SOURCES OF INFORMATION:

Financial Statistics of States, 1915. Census Bureau Bulletin.
Report of the State Treasury, Nov. 30, 1915.
Survey of the State Boards of Health. Dr. C. V. Chapin.

The General Property Tax in North Carolina

W. R. KIRKMAN, *Guilford County*

Ability to pay is deemed to be the fundamental law of taxation; and a man's ability is measured in a rough way by his property. The North Carolina system places property on the tax books by means of township assessors. Each township has an assessor who is appointed by the board of county commissioners, and who receives the magnificent sum of two or three dollars a day for about fifty working days in the year. This assessor must be a freeholder, and he is often chosen because he has a no more profitable job. In order to hold his job he feels himself under obligations to keep the valuations low both for his friends and his community. We also have in each county a county assessor and a county board of commissioners, who have the power to change the assessments made by the township assessors, but as yet they have rarely exercised this power to correct existing evils.

This system of taxation is unjust because a fairly large class of persons who derive their income from wages or salaries or fees are relieved from taxation directly. This system levies taxes in proportion to property rather than in proportion to ability to pay taxes. And property is by no means an adequate test of ability to pay. Some of it produces no net income. Unproductive property should not be taxed except insofar as it is held for speculative purposes, and productive property should be taxed according to its productive ability.

1. Defects of the General Property Tax

The present system was adopted in early times when economic conditions were primitive, and it has not developed to meet the conditions and demands of modern times. When this system was adopted, property was homogeneous, but today it is far from being homogeneous. Problems that were unheard of at the time of the establishment of this system are now the things that are threatening our civilization. Every new industry has made gigantic strides in progress, while government in its taxation systems has stood still. The present system places and practices dishonesty before the people, and enables the unconscientious citizen to list his property for taxation at a discount, or to hold it off the tax list altogether. Personal property such as stocks, bonds, notes, books, jewelry, mortgages, and the like often escape assessment and taxation. Unequal assessments and the escape of tangible property discriminate against the more conscientious taxpayer and the smaller property owners.

The conditions of assessment and taxation are bad in North Carolina. The more conscientious citizens place high values on their taxables and the less conscientious citizens place low values on theirs. The same kinds of property get on the assessors' books at valuations ranging from 5 to 100 per cent of the actual worth. Often tangible property is not taxed at all. Money when assessed at all goes on the books at par, while land in North Carolina goes on from 12 to 100 per cent of its market value. This low valuation of land and the rapidly rising market value of it make it more and more difficult for the landless people in our towns and country regions to become farm or home owners. This low tax value, together with the rise in market values, stimulates the holding of land out of productive use and concentrates its ownership in fewer hands year by year. The land of North Carolina is steadily passing into the hands of fewer people, and the landless and homeless are steadily increasing in number. In 1910 North Carolina had out of a total of 31,000,000 acres, 22,000,000 lying uncultivated and idle for farm purposes.

2. Small General Property Tax Revenues

The general property tax revenue for state purposes in North Carolina for the fiscal year 1914 was \$2,223,878, which was barely more than two-fifths of the total tax revenues for that year.

The following table shows the per capita amount of general property tax raised in each state for state purposes in 1914.

<i>Rank</i>	<i>State</i>	<i>Per Capita</i>	<i>Rank</i>	<i>State</i>	<i>Per Capita</i>
1	Arizona	\$7.31	25	Kentucky	\$2.14
2	New Jersey	5.80	26	Florida	1.99
3	Washington	5.64	27	North Dakota	1.94
4	Nevada	4.90	28	Kansas	1.86
5	Utah	4.88	29	Colorado	1.75
6	Wisconsin	4.34	30	South Dakota	1.74
7	Michigan	3.90	31	Arkansas	1.73
7	Oregon	3.90	32	Alabama	1.65
9	Wyoming	3.50	33	Rhode Island	1.60
10	Maine	3.20	34	Virginia	1.50
11	New Hampshire	3.06	34	Ohio	1.50
12	Illinois	3.00	36	Oklahoma	1.43
13	Louisiana	2.97	37	Georgia	1.41
14	Montana	2.90	38	Mississippi	1.37
15	New Mexico	2.79	39	Connecticut	1.06
16	Minnesota	2.77	40	South Carolina	1.03
17	Texas	2.66	40	Tennessee	1.03
18	Nebraska	2.52	42	North Carolina	.95
19	Idaho	2.50	43	West Virginia	.80
19	Indiana	2.50	44	New York	.79
21	Vermont	2.48	45	Missouri	.76
22	Iowa	2.44	46	California	.45
23	Massachusetts	2.40	47	Pennsylvania	.01 1-3
24	Maryland	2.16	48	Delaware	.00

This table shows us that on a per capita basis the people of this state pay a general property tax of only 95 cents a year for the purposes of state government. It also shows us that 41 states pay a larger per capita tax of this sort for state purposes. And those states whose citizens are willing to pay larger amounts are the states that have larger funds to spend upon education, upon the protection of life and property, on roads and bridges, and for the care of unfortunate children, and afflicted, unfortunate old people.

The following table shows us at what per cent of actual values the people of each state were willing to put their property on the tax books in 1912. These values range all the way from 11.7 per cent of true values in Iowa to 100 per cent in Wyoming. That is, the people of Iowa put their property on the tax books at only 11.7 per cent of its true value, while the people of Wyoming list their property at its full actual value.

The tax value of farm land in North Carolina when compared with census values in 1910 ranged from 13 per cent in Alleghany to 188 per cent in Dare. See *University News Letter*, Vol. I, No. 8. And bear in mind the fact that census values are always less than market values.

We find that 15 states put their property on the tax books at a higher per cent of its true value than North Carolina. We are willing to turn over to the tax lister only 60 per cent of the true value of our property.

Actual and Tax Values

The table below is taken from a 1915 Census Bureau Bulletin, *The Estimated Valuation of National Wealth in 1912*. It shows what per cent of actual values were at that time.

<i>Rank</i>	<i>State</i>	<i>Per Cent True Val.</i>	<i>Rank</i>	<i>State</i>	<i>Per Cent True Val.</i>
1	Wyoming	100	19	Pennsylvania	58.6
1	New Hampshire	100	20	Delaware	56.7
3	Massachusetts	90.6	21	Mississippi	54.8
4	Ohio	90	22	New Jersey	54.1
5	Idaho	85	23	Georgia	52.5
6	Rhode Island	75.2	24	Virginia	50.8
7	Wisconsin	75	25	Texas	50
8	Maine	73.8	25	Arizona	50
9	Kansas	72.4	27	West Virginia	49.7
10	Vermont	70	28	South Dakota	46.2
11	Connecticut	66.7	29	California	45.1
11	New York	66.7	30	Indiana	45
13	Maryland	65.8	31	Montana	43.5
14	Oregon	63.5	32	Washington	42.3
15	Kentucky	62.2	33	Missouri	40
16	Tennessee	60	33	Louisiana	40
16	North Carolina	60	33	Alabama	40
18	Michigan	58.7	36	Minnesota	37.1

<i>Rank</i>	<i>State</i>	<i>Per Cent True Val.</i>	<i>Rank</i>	<i>State</i>	<i>Per Cent True Val.</i>
37	Florida	35.5	43	Colorado	25
38	Utah	33.3	43	Oklahoma	25
38	South Carolina	33.3	45	Illinois	18
40	Nevada	30	46	North Dakota	17.2
41	Arkansas	28	47	Nebraska	15
42	New Mexico	25.7	48	Iowa	11.7

3. Who Pays General Property Tax in North Carolina

Nobody can speak with certainty for the state at large, but the number of general-property tax-payers is probably about 500,000. We base this estimate upon the number of poll taxpayers who in 1914 were some 320,000. As a rule, the adult male who pays a poll tax is also on the tax list for real or personal property, one or both, in some amount, large or small. Women and minors who list property for taxes will swell the total of general property taxpayers to something like a half million, we judge. In other words, about three-fourths of the people of the state, all ages and races considered, pay no taxes of any sort, either polls or property taxes.

We know that two-thirds of the white farmers of the state, and one-third of the negro farmers, are landowners and are liable for a general property tax. These general property taxpayers in the country regions numbered 145,320 in the census year. The farms not cultivated by owners numbered 107,287, while the homes not occupied by farmers, mostly in towns and cities, were 195,808. All told, we have real estate lots and owners, town and country, numbering 438,415. Excluding duplicates and adding the taxpayers on personal property alone, we again reach the total of 500,000 general-property taxpayers in North Carolina. The point is, that when compared with the total population, relatively very few people pay general-property taxes in North Carolina or any other Southern state. Only about a fourth of the people in Southern communities pay property taxes; which largely accounts for the persistence of poll taxes in the South.

A Recent Club Study

An intensive study of a small area—a single township of a mid-state county in 1916—gives a very good idea of who pays taxes on property in this state. The figures are exactly true for this particular township, and inferentially they are true for the whole state.

This study was summarized in the *University News Letter*, November 22, 1916. The conclusions are strikingly in accord with the report of the county auditor in Wake in 1896, which Dr. Jacob Hollander of Johns Hopkins comments on so significantly.

We quote from the *News Letter* article in part:

"A North Carolina Club member has recently classified the white taxpayers of a township in a mid-state county of North Carolina according to the amounts of real and personal property on the 1916 tax list. The white population of the township is 2,700, the total real and personal taxable property is two and a third million dollars, and the white taxpayers number 956.

"Sixty people pay taxes on \$5,000 or more, and all told on \$1,198,000, or more than half the assessed valuation of the entire township; 401 have less than \$500 on the tax books; 175 have between \$500 and \$1,000; 320 have from \$1,000 to \$5,000 on the tax list.

"Which is to say, two-thirds of all the whites of all ages pay taxes on nothing, unless it be a poll; 896 taxpayers own a little less than half the total taxable property, while sixty of them own more than half the total and pay more than half of all the taxes paid on real and personal property.

"Whatever may be said of these well-to-do few, these sixty who are only 2 per cent of the total white population, this must be said, they confess their wealth on the tax books and bear a full half of the total tax burden of the township.

"A list of these 60 people arranged in the order of their tax-book importance is full of surprise—first, because of the high rank of some people who have little; second, the low rank of others who have more; and third, the absence from this list of some people who have most of all.

A Cure in Publicity

"Just as interesting is the list of the 320 taxpayers who are on the tax list for less than \$5,000 and more than \$1,000.

"Here is a large part of the explanation of why a few people stagger under half the tax burden of the township. It is amazing how little some rich folks are worth on the tax books!

"We wonder a little if an annual publication of the names of taxpayers with the totals of real and personal property placed by each on the tax books, would not right up things somewhat, and ease the burden of people who try to be honest with the tax gatherer. This thing is done already in some states. It is worth thinking about in North Carolina."

Constructive Suggestions

The correction of these evils will doubtless have to be made under our old constitution, and we shall continue to have our properties bear a uniform rate. The general property tax, bearing a uniform rate, will likely be a main source of revenue for all the units of government for long years to come. But if so, we shall be driven to make neces-

sary changes in our system of assessment and valuation. And this can be done under our present constitution by creating a new machinery of assessment. A proposition has been put forth to allow our local units of assessment to be made into districts composed of several counties, and to have a permanent office of assessment filled by a really competent man. These district assessors would necessarily have to be experts in the market value of property, and they should have the authority to fix valuations for tax purposes as near as possible the true value of properties.

SOURCES OF INFORMATION:

National Conference of State and Local Taxation, 1907.

The N. C. Machinery Act, 1915.

The 1910 Census of the United States.

Financial Statistics of States, 1915. Census Bureau Bulletin.

Estimated Valuation of National Wealth in 1912. Census Bureau Bulletin, 1915.

University of N. C. News Letter, Vol. I, No. 8, and Vol. III, No. 2.

The Taxpayer's Dollar

A. O. JOINES, *Alleghany County*

As said before in our Club meetings, the production of wealth is important, but the retention of wealth is still more important, while the uses we make of our wealth is most important of all. In this third section of our studies we are considering the conversion of our wealth into civic and social advantages.

Tax revenues are the primary means of civic existence; but this is a truth so feebly realized that tonight we are trying to show *What the State Does with the Taxpayer's Dollar*: what becomes of it; how it is spent, and what part of it goes for this or that purpose.

WHO PAYS TAXES IN NORTH CAROLINA?

A recent Census Bulletin, *The Financial Statistics of States*, covering the year 1914 in North Carolina, classifies our tax revenues as follows: (1) general property taxes, (2) poll taxes, (3) business taxes, and (4) nonbusiness license taxes.

The general-property tax has played and still plays an important rôle in the revenue system of the State, but, contrary to the general belief, the revenues from this source constitute barely more than two-fifths of the total required to run our state government. All told, the cost of state government in North Carolina in 1914 was \$5,003,902. Of this amount only \$2,223,878 or 44 per cent was derived from a uniform rate of 47 2-3 cents per hundred on all the personal and real property on our tax lists. This is what is meant by the general property tax for state purposes.

To value all property equally and to tax it uniformly is the idea of the general-property tax. From this ancient idea our present system of taxation originated; but it is now evident that general-property taxpayers are not carrying their part of the tax burden in North Carolina. It seems to be impossible to get property on the tax books in North Carolina at its true value in money when sold in the ordinary manner of sale, as our Machinery Act requires. In 1914 we failed to do it by almost exactly a billion dollars. Manifestly if the state relied on general-property tax revenues alone, we should long ago have gone into bankruptcy. In 1914 the total tax value of all property in this state amounted to \$807,673,000; but away back in 1912, according to the Census authorities, the estimated actual wealth of the state was 1 billion 807 million dollars. As a result the general taxpayer contributed a little less than half or 44 per cent of the revenues required to support the state. The balance comes from various business-tax revenues, nonbusiness license taxes, department earnings, poll taxes,

and the like. It is amazing how little real and personal property the tax assessors and listers are able to get on the tax books. It is surprising to see how little some rich folks are worth on the tax lists!

Amazing Concentration of Wealth

A recent Club study of the property taxpayers in a single township in 1916 shows results that tally with a similar Wake County study made some years ago and referred to by Chief Justice Walter Clark in one of his decisions. These studies give very clear answers to the question, Who pays property taxes in North Carolina? The startling facts are as follows: (1) Two-thirds of the whites of all ages own no property and pay no taxes, unless it be poll taxes. (2) Two-fifths of all the whites who pay property taxes pay on less than \$500, and what they contribute to state support in only \$2.38 a year or less. (3) Nearly three-fifths of all the white property owners pay on less than \$1,000. What they pay, therefore, is \$4.76 a year or less. (4) But the most amazing fact is this: 6 per cent of the white taxpayers of the state own more than half of all the real and personal property in North Carolina, and therefore pay more than half of all the general-property taxes that reach the state treasury. Counting both races, a full three-fourths of our population has no property on the tax books and pays no taxes except on polls. And the total state revenue from polls is less than \$40,000.

State Revenues in 1914

General-property tax revenues.....	\$2,223,878	44 %
Special tax revenues.....	1,744,915	35 %
Business tax revenues.....	620,697	12 %
Nonbusiness tax revenues.....	70,955	2 %
Poll tax revenues	35,902	.7 %

Evidently the general-property taxpayers are carrying less than half the burden of state support. The balance is borne by special forms of property, or special businesses, or by such people as follow special occupations or professions. The general-property tax theory supposes that everybody pays according to what he owns; but in North Carolina the 500,000 people who own and pay taxes on property contribute less than half the total state revenues; two-thirds of the whites and nine-tenths of the negroes own no property and pay nothing, while 6 per cent of the white property owners pay more than half the total. The special taxpayers are, all told, a few thousand people, but they pay more than half the cost of our state government.

The cost of state government in North Carolina in 1914 averaged \$1.76 per inhabitant. The average was less in one state and more in forty-six.

The figures range from \$1.64 in South Carolina to \$10.36 in Nevada. The average for the country at large was \$3.85.

And bear in mind that less than half this small per capita cost in North Carolina fell upon the general-property taxpayers.

In other words, the average taxpayer in North Carolina demands a great deal, but he contributes very little in comparison with the benefits he receives from the commonwealth.

And state support means public schools, old soldier pensions, asylums for the deaf, blind, insane, and feeble-minded. It means protection of our property from fire and fraud and our persons from disease. It means help for our farmers, and high school and college advantages for the aspiring sons and daughters of the state. For all these purposes the state expended in 1914 only \$1.76 per inhabitant, of which the general taxpayer, let me say again, paid less than half.

State Tax Burden

If a government renders varied services in large ways to the people it represents, it must have large revenues.

We can have smaller public benefits from public schools, high schools, technical schools, and the University, and we can neglect our old soldiers, our deaf and blind, our maimed and crippled children, our insane and feeble-minded by decreasing our state revenues. Until now every state in the Union has a larger measure of these benefits than North Carolina because their per capita revenues have been larger. In forty-six more progressive states the per capita cost of government has been higher because the people of those states have realized the necessity for effective state institutions and adequate public improvements and progress.

They have had better means of protecting persons, property, and health, because they have been providing larger revenues for these benefits. They are willing to bear heavier state tax burdens in order to have greater social and civic advantages, to promote the general welfare of the laboring classes, to care for dependents and defectives, to restrain, punish, and reform delinquents, to better social conditions, to promote education, research, literature, and art, to safeguard and develop productive properties, to perform all the other services and to carry on all the other governmental activities that are necessary to human welfare.

What Went With the Taxpayer's Dollar

With these things said, let us consider the uses made of the revenues of the state in 1914, and what part of the total was devoted to each particular purpose of government in North Carolina. The exhibit was as follows:

Public education and libraries.....	33.24%
Charity, hospitals, and corrections.....	18.35%
Pensions and the Confederate Home.....	10.91%
Outlays in new public buildings and equipments..	9.44%
Interest on funded and floating debt.....	8.31%
The civil establishment.....	6.66%
Conserving natural resources—mainly agriculture	5.21%
Protection of person and property.....	4.42%
Conservation of health.....	2.44%
Incidental and miscellaneous.....	.74%
Recreation—educational12%
Public highways10%

A mere glance at this exhibit by the dullest taxpayer in the state ought to convince him that the taxes he pays are spent directly for the benefits of his home and his family. The schools educate his children; the courts protect him and his from trespass, violence, and fraud; the afflicted and unfortunate members of his home circle are being cared for in the asylums at Raleigh, Goldsboro, Morganton, or Oxford; his ambitious sons and daughters are trained for useful, honorable careers at Greenville, Boone, Cullowhee, Greensboro, Raleigh, and Chapel Hill; while the State Board of Health is busy the whole state over fighting preventable disease and postponable death.

A Small Operating Cost

And it ought to be equally clear that his is not a wasteful, extravagant state government; because only $6 \frac{2}{3}$ cents of every dollar in the state treasury went to pay the people who hold the offices and carry out the will of the people, while $93 \frac{1}{3}$ cents of every dollar was devoted to creating better opportunities and greater safety for the people of the state.

As a matter of fact the operating cost of state government in North Carolina in 1914 was only 14 cents per inhabitant. It was the smallest in the whole United States. The average for the country at large was 45 cents; in five states it was a dollar or more per inhabitant, while in Nevada it was nearly two dollars.

No state in the Union is operated more inexpensively than North Carolina; and no state government returns to the people larger benefits for the taxes they pay. The trouble is that the benefits have been small, because the state revenues have been small; and the state revenues have been small because the average taxpayer's notions of taxation have been small. We have long had in very fact what the *Greensboro News* calls "a Cheap John government"—and we have been proud of it.

Only recently have we been enough ashamed of it to think in large ways for the great necessities of a great state, and to vote liberal appropriations for more buildings and equipments, and larger working incomes for the various departments and purposes of government.

The Legislature of 1917 has just written the most hopeful chapter in the history of North Carolina in a hundred years.

SOURCES OF INFORMATION:

Financial Statistics of States, 1915. Census Bureau Bulletin.

University News Letter, Vol. III, No. 2.

Report of Wake County Auditor, 1896. Quoted by Chief Justice Walter Clark in his decision on The Poll Tax in North Carolina, 1916.

Aid to Agriculture in Carolina

J. V. BAGGETT, *Sampson County*

At a recent meeting of the Club we heard a paper on What the State Does With the Taxpayer's Dollar, which set forth the different things for which state revenues are spent and the amount expended for each particular purpose. Tonight let me invite your attention to just one of the things the taxpayer's dollar supports, namely, Agriculture.

Agriculture in North Carolina is directly aided by three public agencies: (1) the State Agricultural Department, (2) the State Experiment Station and Extension Service, and (3) the State College of Agriculture and Engineering; and the funds that support their activities are (1) the receipts of the State Department of Agriculture, (2) appropriations by the state legislature, (3) county treasury funds, and (4) funds from the Federal treasury. These four funds in 1915-16 made a grand total of \$665,801, as follows:

1. The Agricultural Department funds (1915).....	\$ 242,391
2. The State Treasury (1915).....	144,430
Hog-cholera serum	\$ 5,000
Agricultural Extension	11,477
A. and M. College.....	127,953
3. The county treasuries (1915-16).....	62,715
For Farm and Home Demonstrations.	
4. The Federal Government (1915-16).....	216,265
Agricultural Extension Fund.....	\$ 89,813
State Experiment Station.....	30,000
A. and M. College.....	96,452
	<hr/>
Total	\$ 665,801

Meager State Aid

The purpose of the State Department of Agriculture is "to acquire and diffuse among the people of North Carolina useful information on subjects connected with agriculture, and it is empowered with the authority to protect farmers against the encroachment of agencies that injure their business." Considering the importance of this department and its wide range of activities, one would naturally suppose that the state appropriates many thousands of dollars to support it. But, as a matter of fact, the state makes no direct appropriation to the Department of Agriculture. The nearest approach to direct aid is \$5,000 a year voted by the Legislature to support the production and sale of hog-cholera serum, which is sold at a price really less than the cost of production,

and \$11,477 voted to supplement the farm extension work of the Federal Government. Seventy-nine per cent of our people live in the country, and agriculture is the chief source of primary wealth in the state. It is therefore of paramount importance that an agricultural department of the highest efficiency be developed to build up and promote the industry.

I have said that the state does not aid the Department of Agriculture in any large way by direct appropriations. The state aids this department indirectly, by allowing it to apply its receipts to agricultural promotion, and by voting appropriations to be paid out of department funds.

A Self-Supporting Department

The law covering the inspection of fertilizers, feeds, foods, and seeds, gives the receipts to the Department of Agriculture for department uses. Other sources from which the Department derives a considerable sum are the inspection of oils, the sale of cattle, and the various products of the state test farms. The Board of Agriculture makes an annual report showing receipts and disbursements in detail. From that report we gather the information that the receipts from oil inspection alone amounted to \$143,339 for the two years ending November 30, 1916. These receipts, however, are turned into the general fund of the state after the expenses of inspection have been taken out.

The total receipts of the Department of Agriculture in 1915 amounted to \$242,391, as follows:

Fertilizer tags	\$129,437.75
Cotton-seed meal tags	24,252.05
Feed stamps	30,187.84
Hog-cholera serum	17,089.49
Test farms	15,129.85
Lime work	6,771.32
Seed licenses	1,650.00
Condimental feed licenses.....	880.00
Bleached flour licenses.....	4,225.00
Irregularities	284.79
Legume inoculation	2,707.56
Animal industry farm	287.77
Bulls sold	776.78
Incidentals and refunds.....	462.51
Other resources	8,248.28
	<hr/>
Total	\$242,391.00

The disbursements for the year ending November 30, 1915, were \$239,775.

Department Handicaps

From this table we can get an idea of the self-supporting status of our Department of Agriculture. The various and precarious sources of support are a serious handicap. They greatly limit the extent and scope of its activities. The existence of the Department depends upon the prosperity of the people of the state and their commercial intercourse with the people of other states. In poor crop years or in seasons of business depression its revenues decrease and its plans and policies are jeopardized. In this way the year 1916 closed with the Department \$16,000 in debt.

Largely because the Department of Agriculture has been self-supporting it has been neglected by the Legislature. For many long years it has been housed in an old building erected originally for hotel purposes. It was always unsuited to department uses. It is ill-arranged, inconvenient, dark and dingy. It has now reached a stage of decay, discomfort, disrepute and danger that calls for a new and adequate building; whether on the present location or some other is beside the purpose of the present discussion. I strongly feel, however, that the State Department of Agriculture in its educational work, the State Experiment Station, and the State College of Agriculture and Engineering should be located together on one campus, as in some other states of the Union, and that these three agencies of aid to agriculture should be in effective organic union, working together under competent headship, with minimum duplication and waste and with maximum efficiency. The work of inspection and control—the executive, police work of the State Department of Agriculture—might properly be quartered in the capitol or near by, and definitely distinguished from the work of agricultural education and promotion.

The disbursements of the Department of Agriculture in 1915 were as follows:

Department Disbursements in 1915

Executive office	\$ 46,142
Test farms	32,515
Farmers' institutes	8,579
Museum	5,034
Analytical division	21,152
Pure foods and oils.....	4,392
Coöperative demonstration	18,341
Entomology	6,426
Horticulture	7,002
Veterinary and quarantine.....	32,560
Botany and agronomy.....	6,958
Tobacco work	962

Drainage	\$ 2,152
Animal industry	20,302
Agronomy	16,941
Markets and rural organization.....	6,453
Multigraph work	3,965
	<hr/>
Total	\$ 239,775

How Carolina Ranks

The exhibit of expenses is summed from the last report of the State Agricultural Commissioner. I chose the 1915 figures in order to put them alongside those for other states in a Census Bureau Bulletin, The Financial Statistics of States, covering the same year. The Federal bulletin enables us to show how North Carolina ranks among the states of the Union in the sums spent in various activities by state agricultural departments in the United States. The data from this source give the following interesting table:

<i>North Carolina</i>	<i>Amount</i>	<i>Rank</i>
Supervision	\$ 16,609	15th
Private associations	6,353	12th
Farmers' institutes	24,278	5th
Experiment Station	89,207	14th
Horticulture	7,422	14th
Entomology	6,831	9th
Livestock	59,321	20th
Reclamation	3,502	17th
All other purposes	40,912	7th
	<hr/>	<hr/>
Total	\$ 254,434	17th

While the state appropriates almost nothing to our Department of Agriculture—only \$5,000 for hog-cholera serum and \$11,477 for farm extension work—farmers' institutes and the like; nevertheless the department in 1915 disbursed about a quarter million dollars of its own money. Only sixteen states spent more money for the benefit of farmers and farming. It was more than was spent by any other Southern state, except Kentucky and Texas—even more than Kansas and Nebraska, and these two Middle Western states consider themselves foremost in their concern about agriculture and in the results they achieve.

As for agricultural extension work, North Carolina in 1915-16 spent more money for this purpose than any other state in the Union except Iowa. And in Home Economics work among farm women, we lead the whole United States. We used for this purpose \$43,265 in 1915-16 or nearly \$2,000 more than the next highest expenditure in the Union.

Only 4 state departments spend more of their own funds for Farmers' Institutes, only 8 spent more on Entomology, only 11 spent more on Local Fair Associations, only 13 spent more on Horticulture and Experiment Stations, only 14 spent more on Supervision, only 16 spent more on Reclamation, and only 19 spent more on Livestock. North Carolina ranks high in the disbursement of department funds for the promotion of Agriculture.

Federal Aid to Agriculture

But this is not all. In addition to the funds of the State Agricultural Department, and those of the state and county treasuries, spent for the promotion of agriculture in North Carolina in 1915, the Federal Government sent into the state \$216,265, to support the farm extension work, the A. and M. College, and the state experiment station.

The Farm Extension work supported by these four funds in 1915-16 called for expenditures as follows:

Administration	\$ 3,200
Publications	2,795
County Demonstration Agents.....	98,309
Home Demonstration Agents.....	43,265
Boys' Club Work.....	10,525
Livestock	9,180
Dairying	13,280
Agronomy	3,300
Horticulture	2,500
Plant diseases and insects.....	400
Marketing	3,000
	\$ 192,154

For Agriculture \$665,000 a Year

All told, the money expended for the promotion of Agriculture in North Carolina in 1915-16 by the State Department of Agriculture, the State Experiment Station and Extension Service, and the State College of Agriculture and Engineering amounted to \$665,801, which is a very respectable sum for agriculture in this or any other state.

In North Carolina, as elsewhere, every other business and every other phase of social life has received more legislative attention than the business of farming and the welfare of the country regions; but neither manufacture nor banking nor commerce has ever received anything like the direct aid in money that agriculture has received in North Carolina or in the United States as a whole. It has received less attention of a certain or uncertain sort, but more money, some \$665,000 a year in all—about a third of it furnished indirectly by the farmers themselves, about

a third by the Federal Government, and about a fourth of it by the state in direct appropriations, and a tenth of it by county authorities.

What other private business in North Carolina has \$665,000 of public funds expended in its behalf year by year? What other business in the United States takes 40 million dollars out of the Federal treasury for purposes of education and promotion, or 100 million in long-time, low-rate interest loans in a single year?

Activities and Values

Within the limits of this brief paper it is impossible to present in detail the work of our A. and M. College (now called the State College of Agriculture and Engineering), the State Experiment Station, and the State Department of Agriculture. The results of the activities of these three agencies of aid to agriculture in North Carolina during the last eight years are briefly summarized by the Commissioner of Agriculture in his last report, November 30, 1916.

"Some of the things that have been done by the Agricultural Department in the past eight years," he says—and we give these exactly as they appear in his last report—are as follows:

"1. The source of the ingredients in fertilizers is made known. Analyses are reported from each firm, so as to have those of same guarantee classed together, so that a farmer can tell them and not make an extra trip when he can get the goods he wishes under another name.

"2. The feed inspection law has been amended to include all feeds, and the value of feeds much improved.

"3. The condimental feed law. Must furnish samples to be analyzed and contents published, that the people may avoid useless or high-priced articles usually sold much cheaper, as copperas, alum, charcoal, salt, etc. Drugs for either stock or men must have a value corresponding with that printed on the container or they can be excluded from sale.

"4. Nine cheese factories and twelve creameries, and great advance along all lines of animal husbandry, animal feeding and feeds for animals, including poultry.

"5. The manufacture of antihog-cholera serum and reduction of a dose from 50 to 15 cents each.

"6. The eradication of the cattle tick from the territory beginning with the crest of the Blue Ridge Mountains to the east so as to include only twenty-two counties in the extreme east infected.

"7. A pure seed law (the third in any state); by this the farmers are protected from purchase of inferior seed either in purity or germination.

"8. Preparation of legume cultures, which are sold at one-fourth the former price.

"9. Great advance in the work in Entomology, especially spraying.

"10. Also in Horticulture. The Department has taken highest prizes

in all exhibits for apples, and the North Carolina apples are being recognized in the markets of the nation.

"11. The extension of pecan culture in the state. In many sections these plantings are beginning to bear nuts of very superior quality.

"12. Furnishing marl at \$1.50 per ton; formerly the price was \$3 and \$4; and ground limestone at 50 and 85 cents and \$1.20, price of which was formerly \$1.50 and \$1.60.

"13. The state in the value of its farm products has risen from the twenty-second to the thirteenth position.

"14. Next to the valor of the Confederate soldier, the work of the Department has given the state its highest position in the estimation of the country.

"15. The women's work. Many wives and daughters of farmers are earning money for themselves and are no longer simply a "help-eat," but a "help-meet" indeed—of great value in the support of the family. The girls' and women's clubs are carrying on the preserving of vegetables, fruits, and meats.

"16. A farm demonstrator for sixty-five of the counties.

"17. Boys' Corn Clubs and Pig Clubs in all parts of the State.

"18. Coöperative work with the United States Department and A. and M. College, especially under the Lever act.

"19. Pure food law. The weight or quantity of contents to be marked on all containers, with which numbers the contents must comply.

"20. Inspection of illuminating oils by which the quality and safety of the oils have been improved without cost to the consumer.

"21. At its suggestion, the length and strength of staple is considered in forming standards of cotton by the National Department, and expert graders are furnished in counties which desire them. This has saved thousands of dollars to the farmers in the sale of their cotton.

"22. It has requested the National Department to consider the question of reduction for tare for bags and ties on cotton bales, which is acknowledged to be unjust.

"23. Inspection of flour to detect that which is bleached and prevent the sale of it as unbleached.

"24. In all cases of inspection in the machinery of the Department the article which renders the inspection necessary is required to pay cost of the work."

SOURCES OF INFORMATION:

Biennial Report of the North Carolina Department of Agriculture, 1914-16.

Financial Statistics of the States. Census Bureau Bulletin, 1916.

Weekly News Letter, U. S. Department of Agriculture, November 3, 1915, and January 3, 1917.

Coöperative Agricultural Extension Work. Bulletin States' Relations Service, A. C. True, Director, April 6, 1917.

Statistics of State Universities and State Colleges for the year ending June 30, 1916. Bulletin Federal Education Bureau.

Our Support of Public Schools

H. V. KOONTZ, *Rowan County*

Our subject as scheduled was *Our Support of Public Education*, but it was soon found necessary to limit the study to public schools alone, because there are no records which sum up for all the states the total amounts spent upon elementary schools, high schools, colleges and universities, technical, eleemosynary, and reformatory schools, public libraries, public health campaigns, and the various other forms of public education supported by the state as a whole and by the various counties and communities by local taxation.

The subject covers too much ground to be compassed by a short paper of this kind, even if the figures had been available. It would take months of study to segregate and assemble the figures and items covering the entire field of education in North Carolina, or any other state, for that matter.

But North Carolina can be compared with all the other states of the Union in her support of elementary public education, because we have records and figures for all the states compiled by the Federal Bureau of Education.

My main purpose, then, is to show how North Carolina ranks among the other states of the Union in her support of Public School education, and this we can do with the figures at hand.

The figures used in this paper cover the years 1912 and 1913-14, because they are the very latest given in the 1916 Report of the Federal Education Bureau, which went out to the public less than ten days ago.

A New Era in North Carolina

However, we want to preface this discussion by saying that North Carolina in the years to come will make a far better showing and have a far higher rank in public education than the place she had in the last report of the United States Commissioner of Education. The Legislature of 1917 has just written the greatest chapter in the entire history of the state. A new era has begun in the education of all our people, and North Carolina is at last on the way to her rightful place in education among the states of the Union. The appropriations of the Legislature for eleemosynary, reformatory, and technical schools, health education, and the University, not counting the funds for library support, elementary and high school education, were as follows:

Maintenance Appropriations for Education in 1917

The School for the Deaf and Dumb.....	\$ 70,500
The School for the Blind.....	72,500
Agricultural Extension	30,604
The School for Feeble-Minded	23,000
The Reform Schools	48,500
The School for Cripples	7,500
The University	165,000
The East Carolina Training School.....	60,000
The Appalachian Training School.....	20,000
The Cullowhee Training School.....	11,200
The A. and E. College.....	122,500
The State Normal School.....	125,000
The Oxford Orphanage	20,000
Negro Orphanage	8,000
Negro A. and M. College.....	15,000
The three Negro Normal Schools.....	20,000
The State Board of Health (educational purposes)	79,500
Illiteracy campaign	25,000
Rural Recreation	25,000

The total of these appropriations for population makes the handsome total of \$1,458,908. If it were possible to obtain the 1917 figures for the state public school fund, the local school-tax funds, the state and local high school funds, and the totals spent upon library support, we should have the entire Educational Fund for the support of popular education in North Carolina in 1917. All told, it would be well over \$8,000,000, or a million dollars or so more than in 1915-16. Moreover, the same Legislature gave to these various institutions three million dollars for enlargement and equipment.

How North Carolina Ranks

My first study compares North Carolina with all the other states of the Union in 1912 according to the amount invested in public school property per \$1,000 of taxable wealth.

My next table gives the expenditures for public school support per inhabitant in the different states.

In 1912 the amount invested in Public School property in the country at large averaged \$6.95 per \$1,000 of taxable property. The amounts ranged from \$3.35 per thousand in Maryland to \$18.90 in Nebraska. In this particular North Carolina ranked 40th, with \$5.05 per thousand dollars of assessed property values. It was considerably less than in any other Southern state.

In 1913-14 the amount spent upon Public Schools Support in the country at large averaged \$5.62 per inhabitant. The amounts ranged from \$1.48 per inhabitant in Mississippi to \$10.07 in Utah. North Carolina ranked 44th in this particular, with only \$2.16 per inhabitant. Only four Southern states spent less, namely, Georgia, Alabama, South Carolina, and Mississippi.

Why Our Rank is Low

Now, let us see why North Carolina fell so far behind in her support of public schools in 1912.

As we have already stated, our assessment in public school property in 1912 was only \$5.05 for every \$1,000 of assessed property values. New York State with \$5.20 made only a little better showing, and Massachusetts with \$4.96 made a poorer showing than North Carolina. The difference lies in the fact that in 1912 New York state had more than 11 billion dollars worth of wealth on her tax books and Massachusetts nearly 5 billion dollars worth, against \$747,000,000 in North Carolina. A low rate on a large amount of property represents larger values in school property than a high rate on a small amount of property. According to the wealth on our tax books, North Carolina makes a better showing than Massachusetts in public school property and nearly as good showing as New York state.

But we cannot derive much satisfaction from a comparison of North Carolina with her sister Southern states in the matter of public school property per thousand dollars of taxable property. We lagged behind them all in 1912, and it is high time that we were waking up and investing more liberally in public school houses and equipments. We have done well, but we need to do better.

The Middle Western states have realized that in order to create and accumulate wealth they must reduce ignorance and illiteracy to a minimum. Nebraska, for instance, has public school property amounting to \$18.90 per thousand dollars of taxable wealth. She believes in handsome public school buildings everywhere. Her people are not afraid of taxation for such purposes. Because North Carolina was one of the original 13 states that fought England on account of taxation is no reason why we should refuse to tax ourselves in order to educate ourselves liberally and thoroughly.

We have also seen that in 1913-14 we were spending only \$2.16 per inhabitant to keep our public schools open in North Carolina for 121 days of the year. This average is low because a third of the inhabitants of North Carolina are negroes. However, the per cent of negro population is even larger in all the other cotton-belt states; but four of them spent more per inhabitant upon public school support than North Carolina. Only Georgia, Alabama, South Carolina, and Mississippi spent less.

The Race Handicap

The Negro problem is the South's greatest problem. We must realize that the Negro is here to stay and that we have got to give him a chance; then the South will make greater progress than ever in public education. The Negro owns very little property compared with the whites. He contributes relatively little to swell the total of our public school fund. For every dollar of taxes he pays on property in North Carolina the white man pays \$24. Our rank in public school property and in public school support is lowered by the small taxable wealth the Negroes have on the tax books and by the large number of them in the state. However, other Southern states face the same difficulties, and all of them make a better showing in per capita school property, and all but four of them a better showing in public school maintenance per inhabitant.

Illiteracy and Poverty

With more education and less illiteracy, black and white, there is no reason why North Carolina and other Southern states could not be the richest area in the world. The statistics show that in Iowa and the other Western states where illiteracy is least the per capita wealth is greatest. According to the 1910 Census, rural illiteracy in Iowa was only 1.6 per cent, while the per capita country wealth was \$3,386. In North Carolina rural illiteracy was 19.6 per cent, while our per capita country wealth was only \$322. Iowa has public school property amounting to \$16.22 per thousand, and she spends on public school support \$7.40 a year per inhabitant. North Carolina has only \$5.05 invested in public school property per thousand, and spends only \$2.16 per inhabitant for public school support. The figures uniformly show that the states that lead in rural illiteracy lead in rural poverty.

The Westerners believe in public education. They not only support common schools liberally, but they give millions to their universities where Southerners give thousands. While our Legislature was giving the University \$165,000 a year for maintenance, the Kansas Legislature then in session was giving her University \$1,540,000. The Western states are willing to tax themselves heavily for public education high and low. And the people of North Carolina must develop a willingness to do the same thing. We must move bravely forward along the road blazed out by our 1917 Legislature.

Every North Carolinian should thank God fervently for that Legislature; and more than that, every North Carolinian should see to it that the next Legislature does much more for education, high and low, than this one has done.

We need to realize that it is for ourselves and the children of the state that this money is being spent, and that what is done for the aspiring sons and daughters of North Carolina cannot be spent in vain.

SOURCES OF INFORMATION:

Report U. S. Commissioner of Education, 1916.

Report N. C. State Superintendent of Public Instruction, 1912-13 and 1913-14.

Legislative Appropriations 1917. Newspaper Clippings. Files of N. C. Club.

Negro Property Ownership in N. C. E. F. Conrad. Files Rural Economics and Sociology Department, University of N. C.

Crop-Producing Power of Carolina Farmers. F. H. Deaton, in N. C. Year-Book, 1915-16.

University of N. C. News Letter, Vol. II, No. 24, and Vol. III, Nos. 10 and 14.

INVESTMENT IN PUBLIC SCHOOL PROPERTY PER \$1,000 OF TAXABLE PROPERTY, IN 1912

Based on the 1916 Report of the Federal Education Bureau

H. V. KOONTZ, *Rowan County*

Average for the United States, \$6.95

<i>Rank</i>	<i>States</i>	<i>Per \$1,000</i>	<i>Rank</i>	<i>States</i>	<i>Per \$1,000</i>
1	Nebraska	\$18.90	26	Maine	\$ 7.56
2	North Dakota	18.63	27	Michigan	7.22
3	Utah	18.11	28	Mississippi	6.82
4	Idaho	17.67	29	Oregon	6.73
5	Iowa	16.22	30	Alabama	6.54
6	Colorado	15.46	31	Kentucky	6.50
7	New Mexico	15.36	32	Delaware	6.45
8	Illinois	14.60	33	Oklahoma	6.37
9	South Dakota ..	11.60	34	Nevada	6.19
10	Florida	10.93	35	Virginia	6.08
11	Washington	10.47	36	Georgia	6.05
12	Minnesota	10.32	37	Connecticut	5.97
13	Montana	9.68	38	Texas	5.72
14	Arizona	9.42	39	Wyoming	5.52
15	Arkansas	8.98	40	New York	5.20
16	Tennessee	8.85	41	North Carolina	5.05
17	Indiana	8.66	42	Wisconsin	4.77
18	Pennsylvania	8.40	43	Massachusetts	4.69
19	Louisiana	8.37	44	Ohio	4.45
20	District of Columbia....	8.31	45	West Virginia	4.31
21	California	8.21	46	New Hampshire	4.15
22	Vermont	8.19	47	Kansas	4.06
23	New Jersey	8.18	48	Rhode Island	3.88
24	South Carolina	8.17	49	Maryland	3.35
25	Missouri	7.91			

**SUPPORT OF PUBLIC SCHOOLS—PER CAPITA EXPENDITURES
IN 1913-1914**

H. V. KOONTZ, *Rowan County*

Based on the 1916 Report of the Federal Education Bureau

Average for the United States, \$5.62

<i>Rank</i>	<i>States</i>	<i>Per Capita</i>	<i>Rank</i>	<i>States</i>	<i>Per Capita</i>
1	Utah	\$10.07	26	Michigan	\$ 6.31
2	Idaho	9.66	27	Wisconsin	5.65
3	California	9.64	28	Vermont	5.44
4	North Dakota	9.62	29	Missouri	5.19
5	Montana	9.50	30	Maine	5.08
6	Arizona	8.93	31	Rhode Island	4.85
7	Washington	8.89	32	New Hampshire	4.22
8	Minnesota	8.33	33	Maryland	4.12
9	New Jersey	8.27	34	West Virginia	4.05
10	Nebraska	8.10	35	Oklahoma	3.89
11	District of Columbia.....	7.63	36	New Mexico	3.49
12	Oregon	7.60	37	Texas	3.40
13	Iowa	7.40	38	Florida	3.27
14	Colorado	7.26	39	Delaware	2.91
15	Indiana	7.18	40	Kentucky	2.87
16	Massachusetts	7.07	41	Louisiana	2.72
17	Ohio	7.00	42	Tennessee	2.60
18	South Dakota	6.86	43	Arkansas	2.59
19	Kansas	6.84	43	Virginia	2.59
19	Wyoming	6.84	45	North Carolina	2.16
21	Connecticut	6.74	46	Georgia	1.98
22	Nevada	6.68	47	Alabama	1.97
23	New York	6.66	48	South Carolina	1.83
24	Illinois	6.52	49	Mississippi	1.48
25	Pennsylvania	6.37			

Our Investment in Public School Property, 1913-14

MYRON GREEN, *Union County*

Mr. Koontz has shown us that in 1912 North Carolina ranked 40th among the states of the Union in public school property, with an investment of only \$5.05 per \$1,000 of taxable property. And he has shown that in public school support in 1913-14 we ranked 44th with an expenditure of only \$2.16 per inhabitant.

In this study I undertake to show the interest of North Carolina in public schools, county by county, and to indicate which counties are leading, which are marking time, and which are lagging in the rear.

Doubled in Two Years

First, let us notice the gain in our investment in public school property, on a taxable property basis, between 1911-12 and 1913-14. In 1912 we find that the average investment for the state in public schools per \$1,000 of taxable property was \$5.05. In 1914 this average had increased to \$11.58; that is, it more than doubled in two years. The 1915-16 figures, which are not yet published, will no doubt show a still greater gain.

There are two indications of the interest of communities in popular education: (1) the per capita investment and (2) the expenditure according to taxable property.

Because of the negro population in the South we cannot consider the per capita basis as being fair, because their property is little and their numbers are large. The best way to show North Carolina's interest in public schools will be to consider our investment on a taxable property basis; because after all the willingness of the people to tax themselves, the willingness to go down into their pockets and pay for an educational system, more nearly shows the real interest of the people in their children. Considering the question on this basis, it is seen that our interest is relatively and absolutely feeble: thirty-nine states in the Union in 1912 having a larger investment than North Carolina in public school property per thousand dollars of taxable property.

However, two things must be considered in this connection. The first is the small amount of property on the tax books. When a county has less property on the tax list than it fairly ought to have, our divisor is smaller than it ought to be, and the investment in school property per \$1,000 of assessed property value appears relatively larger than it really is. In such an instance the county ranks high when it ought to rank low. There are conspicuous instances of this in North Carolina.

On the other hand, some of the richer counties and states have a great amount of taxable property on the tax books, as in Mecklenburg and Forsyth counties, or in New York and Massachusetts. This fact causes the state or county to have a low rank in the column of ratios, whereas it is really entitled to a high rank.

The only basis on which the study can be accurately made is the basis of an honest assessment of property for taxation—an assessment of property at its actual value, whether improved or unimproved. It is of course nowhere possible to compare states or the counties of a state on this basis; but an approach to accuracy lies in a comparison based on property totals as found on the tax books.

To this end we are using the figures for 1913 published in the report of the State Tax Commission and the 1913-14 report of the State Superintendent of Public Instruction.

We Think More of Motor Cars Than Schools

The state as a whole in 1913 had a total of assessed property amounting to nearly 784 million dollars. The total value of school property the same year was a little over 9 million dollars or some 5 million dollars less than our investment in automobiles. Our school property in 1913 averaged \$11.58 per \$1,000 of taxable property in the state at large. The figures range from \$4.91 in Polk to \$24.95 in Cherokee. Forty counties make a showing above the state average and 59 counties fall below the state average.

The Counties That Lead

The ten counties leading in public school property per \$1,000 of taxable wealth are as follows:

1. Cherokee	\$ 24.95
2. Pamlico	19.43
3. Caldwell	18.63
4. Wilkes	18.24
5. Jackson	18.23
6. Camden	17.29
7. Union	16.27
8. Yancey	15.75
9. Moore	15.73
10. Pasquotank	15.43

The Counties That Lag

The ten counties making the poorest showing are as follows:

90. Chatham	\$ 6.82
91. Bladen	6.49
92. Martin	6.47

93. Jones	\$ 6.03
94. Avery	5.76
95. Onslow	5.70
96. Brunswick	5.57
97. Graham	5.44
98. Yadkin	5.11
99. Randolph	5.05
100. Polk	4.91

Rank of the Rich Counties

It will be noticed that Cherokee, which is one of the poorest counties in the state, heads the list, while the richer counties rank considerably lower. The richer counties show as follows:

16. Durham	\$ 14.39
22. Buncombe	13.86
24. Wake	13.65
27. Guilford	13.37
29. New Hanover	12.91
31. Mecklenburg	12.75
37. Forsyth	12.07

Areas of School Interest

The counties making the best showing are widely scattered throughout the state. However, there are three conspicuous groups.

The first is an eastern group composed of Beaufort, Camden, Craven, Hyde, Pamlico, Pasquotank, and Washington counties. The second, or central group, comprises Anson, Cumberland, Moore, Mecklenburg, Richmond, Robeson, Scotland, Stanly, Sampson, and Union counties. The third, or western group, is composed of Alleghany, Buncombe, Caldwell, Cherokee, Henderson, Haywood, Jackson, McDowell, Transylvania, Wilkes, and Yancey counties.

The Value of Leadership

The fine showing made by the forty counties that are above the state average of \$11.58 per thousand indicates the value of consecrated and intelligent leadership on part of school officials. It is the only kind of leadership that counts for anything anywhere.

The county superintendent who gives his time and attention wholly to the betterment of school conditions in his county is the most important man in North Carolina today in any office, vocation, or profession.

He occupies a position of strategic importance for two reasons: (1) His task is to promote the one thing upon which progress along all

lines depends, that is, the education of all the people, and (2) he can stir the people to efforts for social progress better than any other man in North Carolina, because people are really more interested in their children than in any other one thing in life. By appealing to the people in behalf of their children he can effect more advancement along civic and social lines than any other public officer.

Almost inevitably those counties that have an efficient superintendent of public instruction are the counties which are most progressive in every direction. The counties with efficient school superintendents are the counties that make the best showing in public education in North Carolina.

A Poor Superintendent is a Public Calamity

It is an unspeakable calamity for any county to retain a sorry superintendent. Many counties have a superintendent whose work as a superintendent is only a side issue. Others have a superintendent who considers the work as nothing more than the signing of salary checks, the keeping of records, and the making of reports at proper times. He is usually a safe, easy-going, good-natured, likable fellow who has the knack of holding onto the folks in such a way that they are reluctant to kick him out, although they know he is not earning his salt. They keep him on because he is "such a good sort of fellow" and "it might hurt his feelings if he loses his job." He holds his job, collects his pay, and sits tight while the schools and communities of the county make no progress or even fall into decay. These counties make little or no progress, while neighboring counties under efficient superintendents rapidly forge ahead. Elsewhere the schools become active centers of social life. They make their communities more desirable places in which to live; while in the county afflicted with a poor superintendent the schools play little or no part in social improvement.

The counties that retain a sorry superintendent will in the end pay a tragic price for their folly. A poor school superintendent is an unspeakable public calamity.

SOURCES OF INFORMATION:

Report N. C. State Tax Commission, 1914.

Report N. C. Secretary State, 1915.

Report N. C. State Superintendent of Public Instruction, 1912-13 and 1913-14.

INVESTMENT IN PUBLIC SCHOOL PROPERTY PER THOUSAND DOLLARS OF TAXABLE PROPERTY, 1913

Based on the 1913-14 Report of the State Superintendent of Public
Instruction, and the 1914 Report of the State Tax Commission

MYRON GREEN, *Union County*

State Average, \$11.58

<i>Rank</i>	<i>Counties</i>	<i>Per \$1,000</i>	<i>Rank</i>	<i>Counties</i>	<i>Per \$1,000</i>
1	Cherokee	\$24.95	44	Alamance	\$11.45
2	Pamlico	19.43	45	Catawba	11.36
3	Caldwell	18.63	46	Lee	11.35
4	Wilkes	18.24	47	Burke	11.27
5	Jackson	18.23	48	Wayne	11.26
6	Camden	17.29	49	Pitt	11.19
7	Union	16.27	50	Cleveland	11.15
8	Yancey	15.75	51	Watauga	11.03
9	Moore	15.73	52	Lincoln	10.99
10	Pasquotank	15.43	53	Wilson	10.93
11	Craven	15.33	53	Iredell	10.93
12	Alleghany	14.80	55	Dare	10.85
13	Hyde	14.75	56	Nash	10.82
14	McDowell	14.69	57	Gates	10.37
15	Stanly	14.41	58	Lenoir	10.28
16	Durham	14.39	59	Rutherford	10.24
17	Sampson	14.36	60	Person	10.23
18	Washington	14.35	61	Ashe	10.18
19	Perquimans	14.23	62	Bertie	10.17
20	Cumberland	14.02	63	Chowan	10.12
21	Henderson	13.92	64	Madison	10.03
22	Buncombe	13.86	65	Vance	9.78
23	Beaufort	13.83	66	Johnston	9.52
24	Wake	13.65	67	Columbus	9.31
24	Scotland	13.65	68	Surry	9.16
26	Franklin	13.64	69	Pender	9.13
27	Guilford	13.37	70	Macon	9.06
28	Richmond	12.96	71	Granville	9.01
29	New Hanover	12.91	72	Davidson	8.98
30	Haywood	12.77	73	Hoke	8.86
31	Mecklenburg	12.75	74	Caswell	8.75
32	Transylvania	12.44	75	Stokes	8.55
33	Carteret	12.15	76	Mitchell	8.45
34	Rockingham	12.13	77	Duplin	8.19
35	Anson	12.09	78	Rowan	8.14
36	Northampton	12.08	79	Edgecombe	8.12
37	Forsyth	12.07	80	Gaston	7.73
38	Robeson	12.05	81	Swain	7.53
39	Montgomery	11.87	82	Warren	7.52
40	Currituck	11.59	83	Clay	7.38
41	Cabarrus	11.52	84	Alexander	7.33
42	Tyrrell	11.48	85	Davie	7.31
43	Harnett	11.47	86	Greene	7.25

<i>Rank</i>	<i>Counties</i>	<i>Per \$1,000</i>	<i>Rank</i>	<i>Counties</i>	<i>Per \$1,000</i>
87	Orange	\$7.16	94	Avery	\$5.76
88	Hertford	6.89	95	Onslow	5.70
89	Halifax	6.85	96	Brunswick	5.57
90	Chatham	6.82	97	Graham	5.44
91	Bladen	6.49	98	Yadkin	5.11
92	Martin	6.47	99	Randolph	5.05
93	Jones	6.03	100	Polk	4.91

Public Health Work in North Carolina

M. H. RANDOLPH, *Mecklenburg County*

Pioneers in Preventive Medicine

Preventive medicine had its beginning when Louis Pasteur, a French chemist and physician, established the germ theory as a working basis for future action. Pasteur first gave his attention to fermentation, and found that this was caused by the presence of certain minute organisms. By a series of experiments he isolated the germs of several different diseases. He experimented first with chicken cholera. His success in treating this disease led him to take up the dread disease, anthrax, common among sheep and cattle. His most interesting work, however, was with hydrophobia in man, and rabies, the corresponding disease among animals. His method of treatment, which is practiced generally today, was to take the virus from a diseased animal and after a process of weakening it, to use it to inoculate patients to cause immunity from the disease. Pasteur did his first work with hydrophobia and rabies in 1885. Because of this great discovery, the death rate resulting from these diseases has been reduced to less than one per cent. Considering the fact that this was only one-third of a century ago, the strides in disease prevention by antitoxins, germicides, and antiseptics have been wonderful. The first Pasteur Institute was founded in Paris. Since then these Institutes have been established in various parts of the world. Pasteur, in his address at the opening of the Institute in Paris said:

“Two opposing laws seem to me to be now in contest. The one a law of blood and death, opening out each day new modes of destruction, forces nations to be always ready for the battle. The other, a law of peace, work and health, whose only aim is to deliver man from the calamities which beset him. The one seeks violent conquests, the other the relief of mankind. The one places a single life above all victories, the other sacrifices hundreds of thousands of lives to the ambition of a single individual.”

In discussing the foundations upon which our modern public health work is built, we must not pass over the achievement of Lord Lister in England. Lister merely applied to surgery what Pasteur had taught about germs and germ diseases. Even though the work of Lister was only an application of the principles already set forth, still he must have been standing on the heights or he never would have caught the vision. Surgical operations before the days of anesthetics were very simple and it was necessary to do the operation quickly in order to relieve the patient from suffering and nervous strain. With the advent of anesthesia, operations became more complicated and often

lasted for hours, but the mortality from septic poisoning was great. Lister, after much study and research, announced his belief that gangrene was organic decomposition caused by the local infection of germs. He set out to find some satisfactory antiseptic, that is something to prevent putrefaction or sepsis in the wound. He first used carbolic acid, and then a dilute solution of carbolic acid was used as a spray. He soon found that absolute cleanliness was the one big thing to keep in mind.

All public health work presupposes the germ theory of Pasteur and the use of antiseptics as advocated by Lister. Had it not been for the work of these two men, our efforts toward preventing disease and postponing death would have been futile. The whole purpose of public health work is to prolong life, to better health conditions, eliminate suffering, and increase efficiency among the people. Much of our sickness at present is a result of ignorance. The health authorities are therefore concerned with educating the people about modern sanitation; the prevention of such common diseases as typhoid, malaria, hookworm, and tuberculosis; decreasing infant mortality; the sewage and ventilation of public buildings; health conditions in factories and mills; food, milk, and water inspection; the collection of vital statistics; the medical examination of schools and school children, and the examination and licensing of embalmers, nurses, optometrists, midwives, dentists, veterinarians, pharmacists, plumbers, and physicians. All of this work is planned and executed under the general supervision and direction of the State Board of Health. Our own State Health Board has no part, however, in the matter of licensures.

Wood, Lewis, and Rankin

Our State Board of Health was organized in 1877. North Carolina was the twelfth state in the Union to recognize public health work and to authorize by law the various activities with which this work is concerned. At first the State Health Board and the State Medical Society were combined, and the State Medical Journal was the official publication of the combined organization. Dr. Thomas Fanning Wood was editor of the Medical Journal and the first secretary and treasurer of the organization. It has been truly said that had there been no Dr. Wood in North Carolina there would have been no State Board of Health organized at that time.

After two years of combined effort the State Medical Society and the State Health Board separated. Dr. Wood continued as secretary of the newly organized State Board of Health.

Dr. Wood had a great vision of the future work of the new organization and his ideas were strikingly modern. During his administration the first county boards of health were organized, in 1879. Pam-

phlets were published on subjects of health and sanitation. The first bulletin of the State Health Board made its appearance in April, 1886.

Dr. Wood worked to pass laws forbidding the adulteration of foods and drugs. He gave his best and his all to public health work in North Carolina, and the people should honor him as their first great worker in this field. He was the real founder and for 15 years the efficient and capable Secretary of the State Health Board.

The Board carried on the work for two years after its organization before the state made an appropriation of \$100 annually to this cause. Two years later the amount was doubled: \$200 was given annually up until 1885, when the \$200 was raised to \$2,000. In 1907 it was increased to \$4,000. In 1909 this \$4,000 was increased to \$10,500. In 1911 the State Board of Health received \$22,500, and in 1913, \$40,500. This year, 1917, the legislature appropriated \$79,500 for the promotion of public health work. Judging from the increased appropriations from year to year, the State Board of Health is evidently doing a work which the state is justified in supporting.

Altho the State Board of Health was organized in 1877, it was not until 1885 that the State gave it any special recognition. In that year, the annual appropriation was made \$2,000. Dr. Richard H. Lewis was made secretary in 1892 to succeed Dr. Thomas F. Wood and the appropriation was continued at \$2,000 annually until 1905 when it was made \$2,600. For 17 years Dr. Lewis held the position of Secretary of the Board. After he had accomplished so much constructive work, he felt that it was a duty for him to resign his position in favor of one who could devote his whole time to the work. He was a practicing physician and felt that this was his life work. While he was at the head of the State public health work, he made a most efficient officer. His task was a difficult one, because the permanency of the institution depended largely on his leadership in the beginning. When Dr. Lewis tendered his resignation, the members of the State Board of Health expressed regret that such a powerful leader thought best to give up his position. Resolutions were drawn up and adopted relating to the work and achievements of Dr. Lewis. He was instrumental in establishing the State Sanatorium for Tuberculosis. He also helped to establish the State Laboratory of Hygiene. The Vital Statistics law in North Carolina is also a result of the efforts of Dr. Lewis. The influence of Dr. Lewis was not only state-wide, but national. In 1905 he was made president of the National Conference of State and Provincial Boards of Health of North America, and in 1907 he was president of the American Public Health Association. The great thing about Dr. Lewis' service in connection with the State Board of Health is that he did it not for money, but only because he was devoted to the people and wanted to help them. He sacrificed himself on the altar of service in behalf of the people of the State.

Dr. Lewis, however, did not give up the position until he found a man, who, he believed, could take up the work and carry to completion some of the aims and ideals he had cherished. He was retained on the Board, and when the time came to elect a new secretary, Dr. Lewis nominated Dr. Watson S. Rankin, who was then dean of the medical school at Wake Forest. In the nomination speech Dr. Lewis spoke of Dr. Rankin as "a man of character, ability, energy, enthusiasm, and possessed of the altruistic spirit so helpful in work of this kind, and admirably fitted for the position."

We have found by experience that Dr. Rankin is all and more than Dr. Lewis said he was. For eight years Dr. Rankin has been giving proof of his ability and fitness as a general director of public health work in this State. The State appropriations have been increased during Dr. Rankin's term of office from \$10,500 in 1909 to \$79,500 in 1917. The secret of the success of public health work under the leadership of Dr. Rankin lies in the fact that he has been able to stimulate local pride and effort. The whole-time county health officer is an invention of Dr. Rankin, and it has meant more for the promotion of health in our State than any other one thing. Dr. Rankin has been successful because he believes in that fundamental psychological principle of leadership—never do yourself what you can get some one else to do for you. He has been the man behind the gun, and has enlisted the support and sympathy of practically every teacher, physician, and public minded citizen in the State.

Immense Enlargement of the Public Mind

It will be interesting to note some of the appropriations made for the conservation of Life and Health by the 1917 legislature which convened in Raleigh recently: \$207,500 for the support of the State Hospital at Raleigh; \$237,500 for the State Hospital at Morganton; \$120,000 in 1917, and \$125,000 annually thereafter for the support and maintenance of the State Hospital at Goldsboro; \$68,000 in 1917, and \$70,500 annually thereafter for the school for deaf and dumb at Morganton; \$30,000 in 1917, and \$40,000 annually thereafter for the State Sanatorium for Tuberculosis; \$72,500 annually for the School for the Deaf, Dumb, and Blind at Raleigh; \$12,500 annually for the State Laboratory of Hygiene; \$37,500 annually for the State Board of Health; \$10,000 annually for physical inspection of school children; \$15,000 annually for rural sanitation; \$4,000 in 1917, and \$6,000 in 1918 for the control of epidemic diseases; \$10,000 annually for printing State Board of Health, Laboratory of Hygiene, and Sanatorium for Tuberculosis; \$3,000 annually for the prevention of blindness; \$20,000 for Orthopædic Hospital, and \$7,500 annually for its support. The legislative body greatly strengthened the State Board

of Health in many ways. The bill providing for a bureau of Epidemiology gives the State Board of Health control of the quarantine regulations in the State. The State Board is given the power to enforce the law which will prevent infant blindness. The appropriations for the Orthopædic Hospital will mean much for the Tiny Tims who receive the benefits of this institution. A bill was also passed that provides that any prisoner in county or State prison or convict camp who has symptoms of tuberculosis shall be sent to the State farm at once.

Since we have discussed in a way the organization, support, and significance of the State Board of Health, we shall now take up the activities and phases of the work.

The Vital Statistics Law

The General Assembly of 1913 enacted the Vital Statistics Law. This bill requires and provides for the registration of all births and deaths in the State. The age and social position of the deceased, and the cause of death must also be recorded. It is easy to see then that a correct death rate from the various diseases will be a great help in the work of fighting disease in North Carolina. The Vital Statistics Law seeks to place the responsibility of sickness where it belongs, and records accurately the efforts made to discharge this responsibility. The success of this measure depends on the coöperation of the 1,400 local registrars, the 1,700 doctors, the 1,300 midwives, and the 700 undertakers who are scattered over the State. It is a big task to register 11,000 birth and death certificates every month or about 130,000 every year, and the enforcement of the law will necessarily be a gradual process. The work done by the Bureau of Vital Statistics is wholly investigative, and serves as a basis on which to build the educative and constructive activities.

The Laboratory of Hygiene

The State Laboratory of Hygiene is also doing a great work in public health in North Carolina. Thousands of examinations are made every year for diphtheria, rabies, malaria, typhoid, and other diseases. Water, sputa, and urine are also analyzed. The Laboratory manufactures and distributes large quantities of antitoxin. The Laboratory now prepares and distributes typhoid vaccine free of charge. This will probably lower the death rate more than any other one thing unless it be water analysis. By carrying on laboratory tests and analyses, and distributing vaccine to the people, the State Laboratory of Hygiene is performing a particularly important function in the promotion of public health work.

Whole-time County Health Officers

Dr. W. S. Rankin saw at once that the success of the campaign against disease in North Carolina would lie in his ability to get local authorities interested. Acting on this belief Dr. Rankin was one of the first men in the country to think of a whole-time health officer. At present we lead the states of the Union in whole-time county health officers. Sampson and Buncombe pay their officers \$2,000 annually and furnish equipment. Guilford, Pitt, and Davidson pay \$2,500 each and furnish equipment. Richmond and Forsyth each pay \$2,400 annually. Nash County pays \$2,700. Vance County and the city of Henderson pay \$2,800 per year. Durham County and Durham City employ a whole-time health officer and pay him \$2,700. New Hanover County and the city of Wilmington pay \$3,000 for the support of a public health officer. The United States Public Health Service has a man in Edgecombe County now trying to work out a model system of whole-time health work. Rowan and Gaston have completed arrangements for the work but have not yet selected officers. During the past year Wilson County has spent \$3,000 jointly with the Rockefeller Commission and State Board of Health for an experimental piece of work. Wilson City and County expect to continue the work themselves and spend \$6,000 annually to keep it going. The North Carolina State Board of Health created a Bureau of County Health Work, whose duty it shall be to assist in securing whole-time county health officers, to prepare and furnish literature to county health officers, to correlate, systematize, and standardize the work of county health officers. This Bureau was abandoned in 1914 on account of insufficient funds, but it is hoped that its reorganization will soon take place. Up to this time we have thirteen whole-time county health officers, and the prospects are bright for others to be added soon.

The Tuberculosis Bureau and Public Health Nurses

The Bureau of Tuberculosis is concerned with the management of the State Sanatorium for Tuberculosis, and a correspondence school is maintained as an aid to this work.

The Bureau of Tuberculosis, in December 1916, made a very interesting report of the work done by public health nurses in North Carolina. The Public Health Nurse probably stands next to the whole-time county health officer in importance. Nurses are reported as follows: Asheville 2, Gastonia 1, Statesville 1, Charlotte 2, Fayetteville 2, Wilmington 3, New Bern 2, Kinston 2, Goldsboro 1, Rocky Mount, 1, Raleigh 2, Greensboro 4, Wilson 1, Winston-Salem 5, Roanoke Rapids 2, North Wilkesboro 1, Carrboro 1, Rutherfordton 1, Wadesboro 1, and Durham 7.

Dr. McBrayer, superintendent and chief of the Tuberculosis Bureau, says the demand for public health nurses is greater than the supply. There are many calls for young nurses who have been trained, and have a knowledge of social service work. There is a Director of Public Health Nursing for the State. One-half of her salary and traveling expenses is paid by the State Board of Health, and the other half by the Metropolitan Life Insurance Company. The duty of the supervisor is to visit the nurses in the field and give them help and suggestions; to stir up sentiment for public health nurses; and to find the right kind of nurses to supply this demand. It is interesting to note that most of these nurses are employed by commercial organizations for economic reasons. Of North Carolina's 42 Public Health Nurses only 5 are supported wholly and 3 or 4 partly by State or Municipal funds, while mills and factories give the entire support to 11 and partial support to several more. The Metropolitan Life Insurance Company contributes the whole or a part of the nurse's salary in nearly every community in which they are employed. Various women's organizations and charitable institutions help materially with the support of public health nursing.

The Tuberculosis Sanatorium

Since one-fourth of the preventable deaths in North Carolina are caused by tuberculosis, it was thought wise to build a Sanatorium, and try to check this waste of human life. The report of the State Board of Health in 1913-1914 says that the present equipment of this institution consists of a farm of 1,300 acres, and a Sanatorium with 90 available beds, with 35 more available after slight repairs to the buildings. Now there are accommodations for 150 tubercular patients. Meanwhile there are 18,000 such patients in North Carolina. It is evident that the Sanatorium is entirely incapable of handling the situation.

In order to supplement the work of the Sanatorium a Correspondence School has been instituted. The duties of this correspondence school are to locate and report all cases of tuberculosis in the State, and enlist the aid and support of those who are interested in them. All patients who cannot be cared for in the Sanatorium will be enrolled as members of the correspondence school and regular letters will be mailed to them from time to time giving simple lessons about how to live and let live. Great care is exercised to make these letters as personal as possible in order to make the patient feel the sympathetic contact. As a result of just such work the death rate from tuberculosis has been reduced 49 per cent during the past 50 years in the civilized world. There has been a 63 per cent reduction in the State of Massachusetts. No estimate is made of the effectiveness of the work in North Carolina, but it is safe to say that much has been and is being accomplished.

Education in Public Health

The Educational Department of the State Board of Health is also pushing the work forward in many of the out-of-the-way places in the State. The *Health Bulletin* issued by the State Board is equal to any published in the United States. It is printed and distributed free to anybody that asks for it. As a means of keeping the problem before the people this little monthly is doing an invaluable service to the people, which cannot be measured in dollars and cents. School teachers should see that the pupils have access to this pamphlet, and it can be made a basis for a course of study in health and sanitation. Every mother should read the health bulletin in order to know better how to care for her children. Every citizen in the State will find the bulletin worthy of his attention, if he is at all interested in the cause of good health in the community.

The Newspaper Bureau

The newspaper press sheets also reach thousands of people. The papers of the State give a prominent space to these brief articles on health, and subjects of general interest are treated by men who are especially fitted for the work. It is claimed that more people are reached in this way than by the bulletin of 32 pages with a circulation of 50,000.

Other ways of educating the people are resorted to continually. Special bulletins are issued on special health subjects; posters are sent out for display in public places. The lecture is another effective means of reaching the folks; lantern slides and moving pictures serve as disseminators of truth, and are entertaining at the same time.

The Medical Examination of Schools

A new work of the Board of Health, adopted by the recent legislature, is the physical examination of school children. This work is to be done by the teachers under the supervision of other competent advisers. The legislature appropriated for this work \$10,000 annually.

North Carolina's High Rank

In comparing the public health work of North Carolina with that of the other states, we find that only 11 states made a better showing in 1914, according to a report by Dr. Charles V. Chapin before the American Medical Association. The states were ranked according to the amount and grade of work done, and North Carolina stood 12th in the list. Throughout Dr. Chapin's report our State is referred to as progressive in public health work. In personal supervision of public health officers, Maryland, Massachusetts, and New York make a per-

fect score of 60 units. North Carolina and Pennsylvania come next with 40 units. The majority of the states, however, scored around 10, 8, and 5 units. A considerable number scored 0 in this line of activity. In the matter of conferences North Carolina scored 10 units, and is outranked by only 9 other states. In the publication of bulletins, no state in the union made a better showing, altho several were abreast of us. North Carolina, along with Illinois, Georgia, Massachusetts, and South Carolina made a perfect score of 40 units in the distribution of vaccines. When all the units are totaled, the first 12 states are as follows, the perfect score being 1000 units:

Massachusetts	745	Maryland	507
New York	730	Kansas	499
Pennsylvania	716	Vermont	486
Minnesota	574	Ohio	462
New Jersey	555	Rhode Island	432
Indiana	526	North Carolina	411

The State Board of Health

Since practically all the public health work done in the State is done through the management and supervision of the State Board of Health, it will not be amiss to give the members of this board some of the recognition due them. In North Carolina there are nine members of the board, eight of whom must be physicians, and one a sanitary engineer. Four of the physicians are elected by the North Carolina Medical Society, and the others together with the sanitary engineer are appointed by the Governor. Their term of office is six years, and the terms expire at varying intervals two years apart. The members of the board are paid \$4 per day and expenses when on duty for the board. The executive officer of the North Carolina Board of Health is called a secretary, and he is elected by the board. He devotes his full time to the work, and receives \$3,000 annually. His term of office is six years, just as the members of the board, but he is not considered a member of this board. Dr. W. S. Rankin is now the efficient secretary of the State Board of Health, and the members of the board are as follows:

J. Howell Way, M.D., President.....	Waynesville
Richard H. Lewis, M.D.	Raleigh
J. L. Ludlow, C.E.	Winston-Salem
E. C. Register, M.D.	Charlotte
Thomas E. Anderson, M.D.	Statesville
Chas. O'H. Laughinghouse, M.D.	Greenville
Edward J. Wood, M.D.	Wilmington
F. R. Harris, M.D.	Henderson
Cyrus Thompson, M.D.	Jacksonville

Hon. William Jennings Bryan says: "Health is necessary to service, and, as service is the coin in which one pays society for the privilege of being a member of society, everything that looks to the preservation of public health is of vital importance."

Ex-President Taft says: "It may well be claimed that the care of individual and family health is the first and most patriotic duty of a citizen."

North Carolina has made a splendid beginning and under the direction of the present administration, we believe she will attain to a still higher rank in public health work among the states of the Union.

SOURCES OF INFORMATION:

Full files of the State Medical Society and the State Board of Health.

A survey of State Public Health Work, 1914. Dr. Charles V. Chapin, American Medical Association.

Charities and Corrections in North Carolina

D. E. EAGLE, *Iredell County*

Charities and corrections is a conventional term that means more than giving alms to the poor and sending criminals to jails and penitentiaries. It refers to organized governmental agencies whose business it is to care for the unfortunate classes of society, to improve their conditions of living, and to reduce their numbers. It aims at prevention as well as cure.

The Old Board

The Board of Public Charities in North Carolina was organized in 1889 under the chairmanship of Dr. Charles Duffy who served until 1904. There were four other members, all of whom served long terms and did faithful work on the board. The men on this board have always been genuinely interested in the welfare of our unfortunate classes. Their services were rendered through love of the work and not for publicity and applause. Mr. Wm. A. Blair succeeded Dr. Duffy as chairman of the board. The personnel of the board was changed comparatively infrequently since the service required an open purse and a charitable disposition.

The support that this board received from the state barely covered the salary of its first secretary, Captain C. B. Denson, of Raleigh. His strenuous efforts have been continued in a no less valuable way by his daughter, Miss Daisy Denson. The state appropriation was insufficient to provide even the traveling expenses of its members when attending the annual and quarterly meetings of the board. The secretary bore her own expenses when attending conferences on social service and public welfare in order to keep informed about the up-to-date management of charitable and correctional institutions in other parts of the country! She paid these bills out of her own purse and the state received the benefits.

The achievements of this devoted board are measured largely in terms of ideas. It had a minimum of executive or administrative power, but it had unlimited power in annual recommendations to the legislature, in correspondence, and investigation. It could not compel the attendance of trial witnesses. It could not execute what it found to be advisable, in even the most extreme cases. But its untiring efforts fashioned the mind of the public and the General Assembly. It took almost twenty years of quarterly and annual recommendations before the Stonewall Jackson Training School was founded. Other institutions as badly needed, the Epileptic Colony, the Tubercular Sanatorium, and the Orthopædic Hospital, came only after continuous appeals by this board.

Our state system of charities and corrections was born and bred in the atmosphere of absolute charity. Without adequate financial support, the board attempted the supervision of municipal, county, and state institutions for defectives, dependents and delinquents. The continued efforts of the secretary finally secured voluntary visiting committees in each county, to examine and report annually upon jails, county homes, prison camps, chaingangs, orphan asylums, and private sanatoriums. The power of the central board ended with these reports, even when they disclosed matters that needed prompt attention and remedy.

Whenever the inspections of institutions by either the state or county board revealed corruption, or inhuman treatment of inmates, agitation was immediately begun for improvement by direct letters from the board to those in charge. But they were merely recommendatory. They carried no vestige of authority.

The institutions under the general supervision of the board were municipal prisons and reformatories, county jails, convict camps, reformatories, almshouses, orphanages, private sanatoriums for the treatment of defectives, public hospitals, and the state institutions for the insane at Morganton, Raleigh and Goldsboro with their dangerous insane departments, the Epileptic Colony, the schools for the Feeble-Minded, and the white and colored blind and deaf, the Old Soldiers' Home, the Tuberculosis Sanatorium, the Stonewall Jackson School, the orphanages for white and colored children, the penitentiary, the convict farms, and the convict camps, and the Orthopædic Hospital. The population of these various institutions in 1914 was nearly 6000.

The New Board of Charities and Public Welfare

Unavoidably, under the circumstances mentioned, the work of organization, supervision, and regulation was inadequate and defective, despite the heroic efforts of the board and its able secretary, and the time was ripe for further programs. Mr. A. W. McAlister, a prominent and successful business man of Greensboro, had devoted considerable time to a study of charities and corrections in North Carolina and other states. As a result of his effort a new State Board of Charities and Public Welfare was created by the legislature of 1917. This board has seven members elected by the General Assembly upon the recommendation of the Governor, one of whom must be a woman. An appropriation of \$20,000 a year and the traveling expenses of its members was named in the law. The duties, rights and powers of this new board are much wider in scope than those of the old board, and under the law creating it the work is better organized for effective service.

The new board has the power to enforce reports from counties and municipalities. Heretofore they have been slow or silent, and their reports have been unreliable and useless.

The board has general supervision over all penal and charitable institutions. It is commissioned to study poverty and vagrancy, the housing and conditions of criminals, the care and treatment of prisoners, the social evil, and kindred subjects, the causes and prevention of crime and diseases, the inspection and investigation of private orphanages, the placing of delinquent and indigent children in homes, and may require such institutions to furnish itemized accounts of expenditures and disbursements before commissioning them to solicit funds.

Under the new law county boards of welfare may be created and superintendents elected. The parole of prisoners, the oversight of delinquent and dependent children and a score of minor duties for these county boards, and the members of the county boards receive no compensation save their expenses.

In the supervision and direction of these various penal and charitable institutions the new State Board has authority to investigate that far exceeds that of the old board. Provision is made for the routine work and reports of all state, county and municipal officials charged with the public welfare. County welfare officials are under the supervision of a welfare officer or the county superintendent of public instruction. But the advantage of the new system lies in the fact that it is not voluntary, when-you-please inspection, but routine work with definite administrative and executive power under responsible supervisory authority.

A Law Equal to the Best in Any State

The law creating our new State Board of Public Welfare puts us far ahead of other southern states in the work of charities and corrections, and well abreast of the north and east in power and possibilities.

The treatment of delinquents, dependents and defectives, and the prevention of poverty, sin, and crime are matters that now challenge the interest and attention of science and humanity. Until now the world has thought very little about the prevention of poverty, crime, blindness, disease, and deformity. Common humanity is no longer willing to take the life of the criminal in our prisons, convert it into cold cash to relieve the taxpayer, and then turn him out a physical and moral wreck. We are learning that he is unfortunate as well as socially offensive. We investigate social conditions and criminal histories; we classify and segregate offenders, and subject them to curative as well as penal treatment. We begin to consider delinquents, dependents and defectives as human beings and to treat them as such. We demand the correction of deformity. Science says there is little necessity for deformity in adults. What is needed is proper treatment in its early stages. A few drops of dilute silver nitrate in the eye of the new born babe will open its eyes to vision and prevent

blindness. We are learning the sympathetic individual treatment of our insane and epileptic. We keep them out of our county jails and poor houses.

The history of each is studied, the investigation is detailed, and the patient's disability, whether physical, mental, or moral, is treated as effectively as possible. Crime is investigated and the investigation is followed by preventive measures.

The work of charities and Corrections in North Carolina begins a new chapter, and the prospects are brighter than ever before for the elimination of all that retards the development of a healthy social state.

Who Compose the New Board

The new State Board of Charities and Public Welfare is composed of Wm. A. Blair, Chairman, Winston-Salem; Carey J. Hunter, Vice-Chairman, Raleigh; J. A. McAulay, Mount Gilead; A. W. McAlister, Greensboro; M. L. Kesler, Thomasville; Mrs. Walter F. Woodard, Wilson; and Mrs. Thomas W. Lingle, University of North Carolina. Roland F. Beasley of Monroe is the newly elected Secretary and Executive. It is the happiest choice that could have been made in North Carolina.

County Boards of Public Welfare

It seems clear that our new state board will miss its largest chance for effective service unless it can stimulate and organize the work of charities and public welfare by counties, just as our public school and public health authorities are doing in their particular fields of effort. The job is entirely too big for any one central office or any set of state institutions. It is county concern, county interest and activity, and county institutions that will count most in the end; not state-wide efforts and state-wide institutions, but county-wide efforts and county-wide institutions in a hundred counties.

For instance, we have in North Carolina only one county tuberculosis hospital. In Wisconsin there are 47 such county hospitals. We must have a hundred such hospitals in North Carolina. How else can we care for our 18,000 consumptives? In just the same way every other social ill bulks up so big that it can be successfully attacked only in detail by local interest, local effort, and local institutions.

Our law was modeled upon the Indiana law, and the Indiana State Board of Public Welfare is among the three or four most effective in the United States. But it is effective in its big central office of oversight and control; in the stimulation and organization of county effort and machinery it has failed for the most part. Indiana has the county board feature in its law just as we have, but Indiana does not have the county boards—or so in only a few instances.

And just where Indiana has failed we must succeed. Forsyth is leading the way. Guilford is about to follow, and in the next few years interest in public welfare problems must be aroused and organized in every county in the state. Just as local communities contribute nine dollars for every one the state treasury gives for the support of public schools in North Carolina, just so must local communities assume the heavy end of the burden of solving our multiform social problems.

The Law Concerning County Boards

In order that we may be informed about this vital feature of our law, and thus be ready to promote the campaign of public education and stimulation that is necessary in North Carolina, if we are to have effective County Boards of Public Welfare, I quote the law in full:

“The county commissioners of any counties of the state shall have the right and power to create the County Board of Charities and Public Welfare and to employ a county superintendent of public welfare; that such county board shall consist of three persons to be appointed by the county commissioners, by and with the advice and consent of the state board; that the said county board shall serve without compensation, and that no one shall be appointed county superintendent of public welfare who has not a certificate of qualification from the state board. The said county superintendent of public welfare shall serve at the pleasure of the county commissioners; that the powers and duties of the county superintendent of public welfare shall be as follows:

“To have, under control of the county commissioners, the care and supervision of the poor and to administer the poor funds.

“To act as agent of the state board in relation to any work to be done by the state board within the county.

“Under the direction of the state board, to look after and keep up with the condition of persons discharged from hospitals for the insane and from other state institutions.

“To have oversight of prisoners in the county on parole from penitentiaries, reformatories, and all parole prisoners in the county.

“To have oversight of dependent and delinquent children, and especially those on parole or probation.

“To have oversight of all prisoners in the county on probation.

“To promote wholesome recreation in the county and to enforce such laws as regulate commercial amusement.

“Under the direction of the state board, to have oversight of dependent children placed in said county by the state board.

“To assist the state board in finding employment for the unemployed.

“To investigate into the cause of distress, under the direction of the state board, and to make such other investigations in the interest of social welfare as the state board may direct.

“The state board shall have power and right at any time to remove any member of the county board.”

SOURCES OF INFORMATION:

Full files of the Reports of the North Carolina Board of Charities.
Reports of the Indiana State Board of Public Welfare.
Copy of the Law Creating the State Board of Charities and Public Welfare, 1917.