

RELATED THINGS

CONTRIBUTIONS AND REPRINT

THE DIVINE EARTH.

For The Public.

This clod that crumbles in the tender grasp
With juices of the soil is dank and cold;
Maggots have crawled and celled in this bleak
mould,

It has been harbor for the worm and asp.
Yet thrice has clod so clung to brother clod—
Oh, miracle of sentient flesh and spine!—
With love for spirit and with pain for sign.
That men have cried, "The crumbling earth is God!"

The patient form that trudged by Galilee,
Brown Francis, beggar of a moistened crust,
Gaunt Lincoln, tear-stained in his room alone,—
In these Time ravels into blood and bone
His mystic doctrine of fraternity:
All dust is kindred to their splendid dust!

JOHN HERZBERG.

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IT WORKED WHILE HE SLEPT.

A. H. Folwell in Puck of May 12, 1909.

Rip Van Winkle; just awake, staggered down to the village outskirts. He hardly knew the place. What had been a swamp before he fell asleep now bore a sign with huge letters, "Terrace View Park; Villa Plots for Sale." A steam roller was at work leveling crushed stone on a street Rip had never seen before, and didn't know the name of. It was "Tulip Boulevard"—a queer name, Rip thought, as he read the placard at the corner.

Getting more and more dazed, Rip tottered nearer town, crossing the River Street bridge, and going up South Street to Main. Here his jaw fell three inches and his lowermost whiskers tickled his knees, for—Great Washington Irving!—what was that? There was Rip's house, sure enough, a tumble-down, weather-swept ruin, but still recognizable. Rip's fence was all gone, but one rotten gate-post was still standing. Bricks were missing from the chimney—but it wasn't these things that dumfounded honest Van Winkle. It was the fine "brick block" of stores on one side of his property, and the new four-story "Eagle Hotel" on the other—both erected since he ducked out into the storm, twenty years before, to escape the wrath of Mrs. Rip. All Main Street was changed, in fact; changed and new. There were rows of fine buildings everywhere. Rip felt his poverty keenly.

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The little real estate agent was talking briskly, and Rip was his sole auditor. Several hours had elapsed since the latter's return; he had made

himself known after some vigorous effort, got a shave and a shine, and was now learning something to his advantage.

"Yes, my dear Mr. Van Winkle," the real estate agent was saying, "your return was a most timely one for *you*. Your land some time ago was selected as the site for the new bank building, but until it could be learned whether you were alive or dead, no clear title could be obtained to it. Now that you have turned up safe and sound. I am empowered to offer you the sum of twenty thousand dollars for your property."

"Twenty thousand dol— Why, the house ain't fit for kindlings, scarcely!" gasped the dazed Rip.

"The house will be torn down and sold to a second-hand building contractor for about fifty cents, probably," said the real estate man. "We want *the land*. Property on Main Street has grown tremendously in value in the last few years, and your lots are among the most desirable. Well, what do you say? Twenty thousand dollars?"

Rip rubbed his eyes, and when he replied it seemed as though he were talking to himself.

"A rich man," he mused. "Yes, rich! And all I did to make me so was to sleep. Oh, *why* didn't I sleep fifty years instead of twenty? *Then* the old place might have netted me half a million!"

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THE PARALYSIS OF MINING DISTRICTS

Address Delivered by Edmund B. Kirby, of St. Louis,
Before the American Mining Congress, in
Session at Goldfield, Nevada,
Sept. 27-Oct. 2, 1909.

The Mining Boom.

The young man who for the first time follows a mining rush to the point of some new discovery sees an interesting and, to him, a strange phenomenon. Men by dozens, then hundreds, then thousands, are hurrying to the spot, followed by supplies of every kind. Ore is accumulating on dumps, or moving out on road or trail. Around the lucky discovery, as a center, is a busy scene, the ever widening area of active claims, the driving of shafts and tunnels into the ground, the searching for ore. Beyond them are the miles of claims staked by later comers. As each new point of discovery is announced, an outlying camp springs into existence. Buildings and towns appear, as if by magic. At the focal point men swarm, and money pours in from every part of the country. Trading progresses night and day; the buying and selling of claims; the capitalization of hopes and chances into stock issues and the sale of these to an excited country which uses them as chips in the great game of the stock exchanges. Fortunes are made on

every hand; a few out of ore, but the majority out of other people. The game is wild, boldly played, and with big stakes.

He comes a few years later, and the scene has changed to an industrial one. The few fortunate mines are digging, shipping, milling, smelting. Their employes and the merchants who supply their wants are prosperous, but with pay-roll prosperity. All others have disappeared. The day of fortunes has gone. Around the industrial center is a scene of desolation and waste. Digging there has ceased and the surrounding hills have become a cemetery. In every direction appear decaying head frames and mine buildings and the scars of innumerable excavations, each one marking the grave of some buried hope. The swarming town has shrunk to a factory village. In the outlying camps is the silence of industrial death. Then the years roll on and as the discovered ore becomes exhausted, one by one the great mines stop, and the desert calmly waiting, resumes its ancient sway.

Land Withdrawn from Use.

Investigate the paralyzed area and on nearly every claim we find that the owner, whether an individual or a corporation, has practically finished all the digging he is ever going to do there. His money has run out, or the chances on that claim are too poor, in his judgment, to warrant the risk of more; or, he has never intended to do any more than the ten-foot discovery hole and the pretense of annual assessment work necessary to hold the claim—awaiting the developments of the country, improvement of transportation, methods of treatment, etc. The vast majority throughout the West and Alaska are of the latter class. Not one per cent of idle claim owners seriously intend to dig and are making active efforts to raise money for that purpose. All are waiting. Much of the dead area is owned by defunct mining companies. Their stocks are scattered over the country; their officers have vanished; and any attempt to do business with one of these concerns is a task the difficulties of which can be appreciated only by those who have tried it.

Examine the work done on each claim and we find that in the great majority referred to, the trifling discovery and assessment work has been merely perfunctory, and has furnished little or no evidence as to the mineral chances of the ground. These are still unknown; as good or as bad as they were before. In the cases where some real digging has been done, it is often found misplaced, or so unwisely executed that it has not settled the question at issue. Hence, most of the area tied up is still untested; still capable of discoveries, great and small. It still needs the work of the prospector and the miner, but has been permanently locked up out of their reach.

Extent of the Paralysis.

Analyze all the varied plans and motives of these

idle claim owners, and we find that most of them are waiting either in the hope of profiting in some way by the work of other men, or, with the expectation that in the distant future, investors will pay prices which they now decline. The dead-lock thus produced, is the deadly paralysis which curses the mining industry today. There is nothing to break it; nothing to force action. There are no expenses. The assessment work of one hundred dollars annually for unpatented claims, is usually faked, and the taxes are nothing, or so trifling as to be merely nominal. Owners can wait forever, and they do so, generation after generation, hoping that some time, in some way, the worn title deeds, or faded stock certificates, will enable them to extract a fortune from other men. And so, a great industry languishes, while paralysis, partial or complete, blights every district from the Mexican line to the frontiers of Alaska. And prospectors have nowhere to go, and miners lack work, while investors and the representatives of mining capital are searching this and other countries for opportunities to mine.

That the mining industry can move at all under this handicap, is proof of its wonderful vitality. This is always struggling, ever breaking through the spell into new life here and there. Nature is prodigal, and the desire to mine is strong. Men still pay the price and take a chance. Some camps are so rich that development discoveries have slowly grown and extended for many years, bringing to life again, for greater or less periods, large portions of the dead margin. In others, the great mines have lasted for generations. Sometimes new discoveries, or improvements in methods of mining and reduction, have brought dead tracts to life again. But over the greater part of the vast mineral area, paralysis reigns supreme. The industrial life appearing and re-appearing here and there is, at best, only a mere indication of its latent possibilities; of what the mining industry might be if the disease which now represses it was eradicated. Dug out! Why, mining in this country has only just begun!

Difficulty of Compelling Operation.

Now, idle claim owners, whether large or small, are doing only what any other men would do in their places. They are operating within the rules of the game. So are the bacilli of tuberculosis or of typhoid. But, the disease which such ownership produces in the industrial system has always been more or less evident to the perceptions of all men. The common sense of miners has always declared that rights to mineral, like rights to water, should exist only with use. To hold them otherwise, is an injury to all. In the freest and finest expression of that common sense, the old District Mining Laws of the West, made and enforced by the working miners direct, two intentions always appear. First—To prevent monopoly and give everyone a chance. Second—To force every claim owner to dig

or to get off so that others may dig. The principle of the latter requirement still appears in the present United States law in its provisions for annual development work, the continuous operation of tunnels, etc.

The history of mining law shows that men have always maintained a difference between the right to mineral and that to other forms of land. It was clearly seen that mineral is valuable only when discovered and mined, and that it is injurious to the state to permit such private ownership as will hold it out of use.

For centuries past mining laws have been saying that no man has the right to hold mineral land idle; that he must dig, or allow others to dig. The application of this principle was effective in small frontier camps where the miners who made the law stood on the ground to enforce it, but as it passed into general law covering vast areas and became dependent upon the cumbersome machinery of government for enforcement, it was found impossible to compel the continuous operation desired. Some codes were more effective than others, but even the old Mexican law, the finest product of accumulated experience, was only partially successful in this matter. The reason for this strange fact is a simple one. It seems easy to frame a law which will order a man, under penalty, to dig continuously, but as a matter of fact this is so difficult that it never has and never can be accomplished. How much digging, how shall it be measured and by whom? In what place and at what rate? How about delays from misfortune, delays to supplies? What single rule will fit the poor prospector and also the rich corporation? Who is to stand over half a million claims and see that the work is done? At whose say shall a man lose his property? By the time all these points have been provided for, they have so weakened the law as to make it ineffective, and all that it is capable of doing is to retard, more or less, the progress of paralysis.

As another remedy, a penalty tax upon idle claims has often been proposed, but when the attempt is made to define the difference between idle and working claims, all the difficulties aforesaid at once appear, and it is evident that this plan has no possibility of success.

The New Remedy.

But, the world is progressing not only in electricity and aeronautics, but also in other branches of knowledge, and a new light has been thrown upon the problem which has so baffled past generations. It has been discovered that the way to force the use of any natural resource is to tax it, not lightly in the ordinary way, but heavily enough to make it uncomfortably expensive to hold without using. The holder is then impelled either to let go, or to utilize it in some way. Here, at last, is a new way to solve this old problem. A way to accomplish perfectly what the mining world has

always been wanting and trying to do. It is the way to end promptly and forever the paralysis of mining districts. The old method was to give men orders which could not be enforced. The new method gives no orders. It lets every man do as he wills, but it applies to each man a new and subtle force, continuous, persistent, unevadable—the force of his own pocket, making him now want to dig, or get off the claim.

But the question may be raised, How can it help an industry to tax it? The answer is that the industry, the digging out of the mineral, is not taxed. Every man is made to pay for occupancy; for holding a reservation of mineral ground away from other people who want it. Such a payment, when made just large enough to be uncomfortable, or painful, on an idle claim, would be only a small item in the expense list of an operating claim, for it takes money to mine. Such an item would never stop, or discourage digging. In producing mines, it would be far less than the royalties now paid everywhere by miners to idle claim owners. When a man has to pay for the privilege, he will not hold more ground than he intends to work. When the privilege of holding is free, he will naturally grab everything in sight and wait in order to hold up some one else who may want to use it. Let the dog in the manger pay for his manger.

Strange as it may seem at first sight, the way to boom an industry is to tax the natural resources it uses. The way to discourage it, is to tax anything else it uses, or to tax its products. This scientific principle of modern taxation is now as firmly established as any law of chemistry or physics, and is slowly but steadily, forcing its way into the tax systems of civilized countries. If you want to encourage the utilization of water power, tax water falls so heavily that no one can hold one idle, or away from would-be users, and only actual users can pay the tax. To discourage use, tax the buildings, machinery, supplies, or income. The best and the scientific method of applying the tax to claims would be by assessment according to their actual values. But any method will work, so long as it is carried far enough to produce the effect. It will, of course, be necessary to prevent tax dodging. Any State, or any county, may apply the remedy at will, for even if there are limits to the tax levy it may impose, there are none to its powers of assessment. It can apply the pressure and steadily increase it, watching the effect, until this has reached the point desired.

As a starter, which will serve to give partial relief promptly and generally, a certain improvement may be made in the United States assessment law. This is to change the present requirement of one hundred dollars' worth of assessment work yearly on unpatented claims, into a cash payment of one hundred dollars. The object of

this change would be to make a weak law more effective by converting it into a taxation scheme. At present, it is better than nothing, but still a failure, for the simple reason that there is no way to stand over hundreds of thousands of claim owners and see that each one does his work, and that it is really worth one hundred dollars, and so this provision is evaded in various ways. The payment of one hundred dollars in cash, however, would be clear and definite, and much harder to evade. Dodging may be prevented entirely by suitable provision in the law. This amount, acting as a tax, and made non-evadable, would set free for the prospector at least one-third of the claims now held in the United States and Alaska. The remaining work would have to be done by State and county taxation, and by Congress for Alaska. The present assessment law is all that is left of past efforts to make men dig or get off the claim, and it should not be altered, except for the deliberate purpose as aforesaid of converting it into a more effective instrument. It may be added that an incidental advantage of the improvement suggested is that the record of payments made will do away with many of the present title uncertainties now due to pretended assessment work.

Relief to Prospectors.

Let us look squarely at the facts. A very small percentage of the idle mineral claims are owned by prospectors. The overwhelming bulk is held by mining companies, or by individual investors, who have shut off the prospector and destroyed his business. In most cases, the few claims he is supposed to own, are, in reality, only partly his. The investors who furnish his grub, own from half to three-quarter interests and the tax money would, like other expenses, come from them. The prospector is virtually only their watchman or care-taker. The fact is that the prospector himself is not a success at the game of idle claims, and rarely makes it pay. His real business is not claim staking, or watching stakes, but the discovery of ore deposits. Give him back his regular business, and his chances of making a fortune will be multiplied a hundred fold. The prospector does not have to be mollycoddled. He can stand any laws which are necessary for his own and the general good and can raise tax money, when wanted, in the same way that he now raises his expense money. Mining investors are always eager for opportunities and every prospector who makes a real discovery, worth holding, is promptly beset by men who crowd their money upon him. If the claim is not valuable enough to interest others, he will not hold it, and so will pay no tax. If it is desired to force large companies with areas of two, four, ten square miles of valuable mineral land to dig or get off the claim, the prospector must do likewise. A far

more profitable business awaits him and with the flood of prosperity which will follow more digging and free mineral land, he will never want a job or a grub stake, or financial backers and purchasers for his discoveries. Abolish the claim staker and give the real prospector a chance once more, and you will hear of new discoveries from every quarter. Dig or get off the claim!

The question may present itself whether a tax of one hundred dollars per claim, while applying the necessary pressure to ordinary claim holders, will not be too small to be felt by mining companies. This would be true in many cases, but this tax is only suggested as a convenient and universal starter. The further pressure needed in such cases must be applied by State and county taxation. As a matter of fact, however, nothing is more sensitive than the pocket of a corporation, particularly if that corporation is idle, or the pocket empty. Even the tax of \$100 will have a wonderful effect in causing mining companies to trim their edges, and further pressure may be made to squeeze their holdings down to actual working needs.

Investors Attracted.

Another question which will be raised is whether the taxation of mining claims would not interfere with property rights; destroy the value of investments; scare away investors, etc. What rights? The right to hold a claim without using it? Don't you want to discourage that? Has not the mining world for centuries forbidden it and tried in every way it knew to prevent it? Investments in what? In idleness? In a hold-up of industry? Don't you want to destroy the value of such investments? Scare what investors? Those who want to dig, to do real mining, to build mills, smelters, railways, towns? On the contrary you will draw them in swarms, because when holders have to dig or get off the claim all who have claims worth mining will make their offers for working capital attractive enough to get it.

What first excites and draws investors into mining ventures is the chance to find ore by actual digging. This is what they ask for. It is the chance of discovery, and not the acreage of a property which brings their money. At first they are not, as a rule, interested in the other game of waiting to hold up some future producer and, in fact, do not even think of this, unless fortune turns against them and work comes to a standstill. Then they naturally want all the chances for salvage that the rules permit, and paralysis ensues. Is it not right to say to these men, You have had a miner's chance. Sorry your money is lost, but it is gone and there is no reason why you should take it out of some other man's pocket: these claims are worthless until ore is discovered and mined. The State wants this done, and will not let you paralyze its mining industry. If you

are through digging, get off, so that some one else may dig. That is what the common sense of miners has always said. It is what the mining laws of the world have always said, but with a feeble voice. Is it not time to say it now with a loud voice and make it go? Dig, or get off the claim!

Advantages to Claim Holders.

Even idle holders themselves see that they have brought on a dead-lock which is not to their own advantage. Very few really make any money at it. Men grow old and sink into the grave, still dreaming of the purchaser who never comes. In the great majority of cases, all that holders will really lose by the proposed change in the rules, are their visions, their hallucinations. In exchange for these, there will be the countless opportunities of a rejuvenated industry.

Is it not clear as day that by the pressure of increasing taxation, every claim may be forced into use, or release? When from Mexico to Alaska every claim is either working, or open to prospectors, does it take a prophet to see the result? Does not every prospector know of areas he would like to explore? Does not every miner, every operator know of places where he would like to dig? After the real mining industry begins, cannot every one foresee in its general, steady and permanent prosperity, a better living and more chances for a fortune than are possible under the present paralysis?

Men of the mining world, the new era awaits your call. You have but to say the magic words, "Dig, or get off the claim!"

BOOKS

ECONOMICS OF MODERN BUSINESS.

Economics. By Scott Nearing and Frank D. Watson, Instructors in Political Economy in the Wharton School of Finance and Commerce, University of Pennsylvania. Published by the Macmillan Company. New York. Price \$1.90 net.

A text book of economics which opens with a chapter on the comparative prosperity of China and the United States, would be entitled to consideration for its novelty if for nothing else. In this instance, however, it is justified by the fact that the book revolves around the central theory of "deficit" and "surplus," which is especially associated with the name of Professor Simon N. Patten (vol. x, p. 929) of the University of Pennsylvania, to whom the book is dedicated. Nor would this chapter be by any means a bad introduction for any work on economics. On the contrary it starts the reader off with such a glance at actual conditions on a large scale as to make him feel that economics and human life have at least

something in common—a sensation which few books on economics are likely to produce.

Strictly considered, the book is misnamed. While an excellent report upon modern business processes, it is too loose in too many of its economic analyses for an economic text book. An example of this looseness is the enumeration of four factors of production—natural resources, labor, capital, and business organization. The fourth factor is in truth only an element of the second, just as skill is, and if distinguished should be distinguished as one of the qualities of that factor instead of being treated as a factor coequal with the factor of which it is manifestly only one of the parts.

Another instance is the attribution of "profits" to business organization as its share of product in distribution, even as land has its "rent," labor its "wages" and capital its "interest." The word "profits" is used in a restricted technical sense, namely, as partaking of the character of both wages and rent—of wages because "it is a return for a form of human effort known as organizing ability," and of rent because "it is a differential depending on a degree of superiority." Evidently the varied returns for any kind of differential skill in labor would, under that definition, come within the category of "profits." All that the authors really intend to include in this category, is indicated at page 357, where they say that "profits" differ from contract "wages" because they are not fixed in advance and there is no guarantee that they will be paid, and the man who works for "profits" must assume all risks. A little reflection upon this explanation should show that the whole complex question of business organization, business organizers, profits, etc.,—except as it is a question of labor and wages, capital and interest, land and rent,—is merely the simple one of speculation in rent, interest and wages. Speculation in these does not alter or add to economic categories. It only transfers shares in them from one person to another contractually in advance of production. That is to say, the business organizer buys out the "wages" and "rent" to be produced, by contracting in advance to pay stipulated wages, interest and rent. Thereby he may get more of one or two or all three than he pays for them, but he does not get more of either than it turns out to be. He may indeed increase the aggregate of production by his superior organizing skill; but in that case he has increased wages. The result, whatever it may prove to be, is divisible into rent and wages (or rent, wages and interest, if you choose); and this is what the organizer gets and all he gets in the final round up. His relation to economics is like that of the purchaser of a crop after it is planted. He may serve a useful purpose. Doubtless he does upon the whole. But the "profits" he gets, are merely the "rent," "wages" and "interest" the planter would