

Taxation of Mines.

How to tax mines is an absorbing question just now in Colorado. It is stimulated by a bill pending in the legislature which is a codification of the existing revenue laws of that State. In a thoughtful discussion of the subject, the Denver News of March 12 directs attention to some of the important considerations involved. It notes that while mineral land is limited in capability, as is other particular land, it is unlike most other land in that it can neither be repaired nor rejuvenated when exhausted. No matter how rich, it will sooner or later be worked out. From this the News infers that the total value of a mine is the value of its product, less the expense of production; and therefore that an annual tax on the net output of a mine will in the end be a tax upon its entire value. If there is any important error thus far in the reflections of the News, we fail to detect it. Proceeding then to test the Colorado revenue bill by those considerations, the News states that the bill as first introduced would have taxed mines on the basis of gross output, less only transportation and ore-treatment charges, leaving entirely out of consideration the cost of original development and of raising the ore to the surface. On this basis of fact, the News seems to us to be right in describing the principle of the bill to have been to capitalize mines on the basis of gross output instead of net output. It refers, however, to amendments which it accepts as probably the best to be had at present, and then expresses a wish for "a scientific method of taxing mining property," its own idea of such a method being as follows:

Tax the producing mine on the value of its net output each year, making sure that you learn the real net output. Tax the non-producing mine on the basis of its value for other than mining purposes. Stop there. It is safe to say that the State will last longer than the mine, and that under this simple method, every dollar of real value in that mine will pay its quota to the State. And if a mine never produces, why, it has no mining value; and the only way to tax it is on the value it may possess for other purposes.

This plan hardly sounds scientific, especially the last clause; for it would offer inducements to mineral monopolists to hold out of use, for speculative purposes, mineral deposits that ought to be in use. That possibility, however, is anticipated by the News in a succeeding statement to the effect that cases "in which coal properties were held without working, merely to wait for an increased value of known deposits," could "be dealt with as they come."

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On the whole the position of the News is as far

advanced and as scientific as could be hoped for, with reference to present legislative possibilities. But the difficulties surrounding the question of taxing mines grow out of the custom, apparently accepted by the News as sound and just, of treating natural resources as private property, and imposing taxes as tribute instead of compensation for monopolizing the right to work a common property. There would be no extraordinary difficulty in taxing mining property if mineral deposits were regarded as a common heritage, and taxation as a method for collecting the common dues for common use. The first consideration in those circumstances would be the cost (including profit) of original development and of raising and marketing the ore. For this there would be no tax; and for two reasons: first, that the State does not assist in the expense and therefore has no claim to share in the result, and second, that taxes on processes of production tend to discourage production. The next consideration would be the net value of the natural deposit, the whole of which (with due allowance for uncertainties and for earnings in the form of profit or otherwise) would belong to and should be taken by the State. There might be many ways of arriving at that value under those circumstances. It might be done in the way the News suggests, by deducting cost from market price and treating the remainder annually as mineral value belonging in whole or in part to the State; or by an agreed royalty or scale of royalties; or by estimating the value of the deposit as Henry George, Jr., proposes in his letter in another column (p. 270) of this issue of *The Public* (probably the best method of valuation for the purposes of taxation as now applied); or by stock valuations; or by some better method which might suggest itself if the equities of the matter were once established on the basis of conceding to the miner the value of his product and to the State the value of its natural mineral deposit.

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It would probably be necessary, however, to establish regulations as to the extent and the methods of production, so as to prevent on the one hand thriftless mining with reference to common rights, and on the other the locking up of mining opportunities for private profit. This regulation might be necessary because it is doubtful if economic and equitable utilization of mining opportunities could be automatically regulated by taxation, as the utilization of building lots and farming land would be. What economists call the "margin of cultivation" is less definite in its manifestations with reference to such land as min-

eral deposits, than to building sites and farming opportunities.

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THE RISING TIDE FOR PEOPLE'S POWER.

The Associated Press is supposed to furnish an accurate and impartial report of the proceedings of Congress. It failed, however, to mention the shockingly reactionary harangue delivered by Senator Heyburn, of Idaho, on the last night of the session, in opposition to the People's Power provisions of the Arizona Constitution (p. 225).

Nothing could betray better the hatred that the class for which Heyburn speaks, bears toward any extension of the democratic principle. It is not often, though, that any reactionary throws the bridle off so completely as did the Idaho Senator, or lets his real sentiments shine forth so brightly. The gist of Senator Heyburn's remarks is in the following paragraphs:

I can see no reason whatever for delaying the admission of New Mexico because the people of Arizona came under the influence of this taint of insanity which seems to be abroad in the land. I can see no reason why Arizona should not remain a Territory until she demonstrates by her actions, by her wisdom in the making of a Constitution, that she is capable of self-government.

In my judgment no State is capable of or fit for self-government that does not know better than to adopt a rule of the Recall in its organic law.

I would not vote for the admission of either of these Territories, if they had twice their population and had multiplied their prosperity, if they came here with a proposition in their Constitutions that they might withdraw a judge or a representative of the State in either branch of Congress, or that they might withdraw the executive officers of their State. I would not vote for them in a lifetime if they should come here tainted with such madness, because it is political madness that seems to have taken possession of some people.

The Senate, which had just whitewashed Lorimer and defeated an amendment for the direct election of Senators, evidently concurred in the Heyburn theory of insanity, for the resolution to admit Arizona was voted down. This result, however, was not without its compensating features. One was that corporation-ridden New Mexico was likewise kept out, and the other was the complete co-operation of Progressives of both parties in the Senate in support of the People's Power provisions of Arizona's organic law.

The importance of this last feature cannot be overestimated. It shows not only a willingness of progressive Democrats and progressive Republicans to work together, but to work together on the most important issues now in politics, namely, Direct

Legislation and the Recall. Political co-operation between Progressives of all parties is vitally necessary at this time, and co-operation on these issues more necessary than anything else.

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Significant indeed were the last weeks of Congress in this particular. Some time ago the National Progressive League, composed exclusively of Republicans, put forth a manifesto. They differentiated themselves from the regular Republicans by declaring that the paramount political issues are Direct Legislation, the Recall, direct election of Senators and popular nomination of Presidential candidates.

When, under the brilliant leadership of Senator Robert L. Owen, of Oklahoma, a test vote was forced in the Senate on these issues, it was found that these issues constituted a dividing line also between progressive and reactionary Democrats.

It is interesting to note that thirteen Republican Senators voted to admit Arizona with her broadly democratic Constitution. They were Beveridge, Borah, Bourne, Bristow, Brown, Burkett, Clapp, Cummins, Dixon, Gronna, Jones, La Follette, and McCumber. Only three Democrats could be mustered against it—Bailey of Standard Oil infame, Overman and Taliaferro.

The Bourbon Senators were able, for the moment, to defeat Arizona's admission. To accomplish that they sacrificed New Mexico, their pet lamb, which adopted a Constitution satisfactory in the last degree to Privilege, drafted by corporation lawyers, and eminently agreeable to the distinguished reactionary in the White House.

Even then it was a victory certain to prove more costly than a defeat. It has brought the People's Power issue squarely before Congress for the first time. Before either State is admitted, the whole question must be debated at length in the hearing of the whole country. Public attention will be focused upon it. The Tory side of the discussion, of course, cannot stand the light of day. It will be as stale, flat and unprofitable as Senator Lodge's scholarly mush against the direct election of United States Senators. Speeches such as Heyburn made are worth more to the cause he antagonizes than a thousand speeches made in its favor.

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It is the history of the English-speaking peoples that reform, once put in motion, ultimately triumphs. The history of the race should serve to reassure those impetuous reformers, who despair often at the snail's pace of their cause. People's Power in its fullest sense, is bound to triumph at