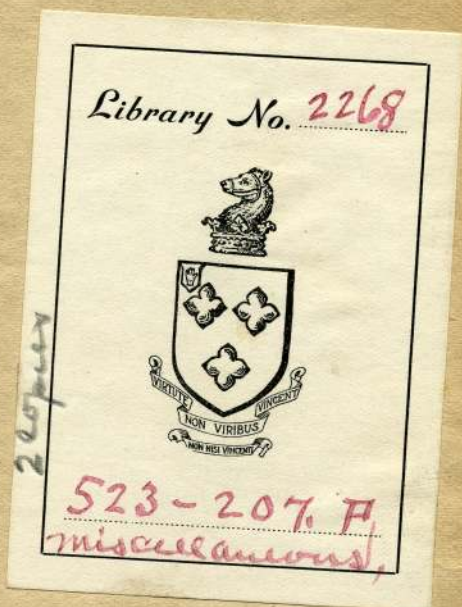
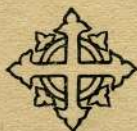


WEST VIRGINIA ^{P 53}
A TAX-FREE STATE
HOW TO MAKE IT SO

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WEST VIRGINIA A TAX-FREE STATE

I.

A STATE WHERE THERE ARE NO TAXES.

WOULD you like to live in a State where there are no taxes? Where no taxes are levied on chattels, upon the farmers' live-stock, the mechanics' tools, the merchants' goods, the bankers' bonds, the manufacturers' machinery, the railroads' rolling stock? Would you like to live in a State where no taxes are levied upon the real estate, upon the land or what savors of the land? Would you like to live in a State where there need be no tax-collecting office and no tax-collecting officials?

Would you like to live in a State where the schools may be run ten or twelve months in the year; where the teachers may be paid the highest annual salaries, and where the most capable men and women will dare to become teachers and remain teachers by reason of this steady work and high pay, without costing the people a cent to keep them up?

Would you like to live in a State where highways carefully laid out and scientifically constructed traverse every county and knit community to community, built and maintained without charge upon the people?

Would you like to live in a State where farms and lands enhance in value by reason of this freedom from taxation, this prevalence of good schools and good

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roads; where population increases at equal pace with the rising values of the land; where villages grow into towns, and towns into cities with leaps and bounds; where the mere incidental rise in the value of town-lots and city property assures abounding and universal prosperity?

Where the coal mines, released from the burdens of taxation, may be run at surer profit, and where a higher and a more certain wage may be consequently paid to the mine-workers?

Where the railroads, freed from the enormous weight of taxes, may be operated at greater profit and may in return give lower rates (per mile) to passengers and freight, and higher salaries and wages to the railway's employees?

Where the social welfare of each community will be adequately and liberally provided for; where generous old age pensions, as well as pensions for widows and for needy mothers, will prevail, and broad and efficient provisions may be made against the undue labor of children and for the care of labor under progressive compensation laws, without these burdens costing the people a single cent?

Would you like to see these things come to pass in West Virginia?

II.

NATURAL RESOURCES—NOW RESERVED BY NATIONAL AND STATE GOVERNMENTS AND NO LONGER SOLD OUTRIGHT, BUT ARE LEASED ON ROYALTIES BY THE STATE.

LET us take a look at the world and learn how things are done in other States and lands; then let us see what we can do ourselves.

IN THE UNITED STATES.

Here, in the United States, President Roosevelt inaugurated the policy of the National Government's no longer selling any coal or oil lands, either in any State or Territory. He directed that all coal lands owned by the Government be leased under a fair rental, and royalty-charge to be paid to the National Treasury. Secretary-of-the-Interior Fisher, of President Taft's Cabinet, in his able report (1911) recommends that the same policy be applied to the Alaskan coal lands. They ought to be leased and the royalties earned go into the National Treasury.

And Secretary-of-the-Interior Lane, of President Wilson's Cabinet, declares in his Annual Report, 1914, "Congress (has now) supplemented its (Alaskan) railroad bill by the passage of another bill of no less significance, a bill providing for the leasing of the great coal fields of Alaska. . . . the first bill to pass Congress authorizing the leasing of any of our resources."

So we see that three successive Presidents and their Cabinets have persistently advocated the continuing

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ownership of coal and oil and other natural resources by the National Government, and the leasing of the same to the public; and that the first National laws so providing have at last been enacted by Congress.

MANY STATES NOW ALSO REFUSE TO SELL, BUT WILL ONLY LEASE THEIR NATURAL RESOURCES.

The States of Colorado, Idaho, Montana, and Wyoming no longer sell State-owned coal lands, but lease them out; while Colorado, Idaho, Minnesota, North Dakota, Oregon, and Washington provide for leasing of State lands containing iron, gold, silver, lead, cinnabar, potash, and other valuable minerals, in addition to coal.

IN CANADA.

In the Dominion of Canada all the coal lands belong to the Dominion or the provincial governments, and the government leases out the coal under a system of fair and uniform leases at so much per ton—ten cents per ton. This royalty, which the lessees of the coal pay, goes into the people's treasury; all Canada's gold is leased out at two and one half per cent of the gross find; so, too, her silver and copper. All the mineral wealth of Canada belongs to the people, and all the royalties go into the national or provincial treasuries and make toward lessening the general burden of taxation.

IN MEXICO.

In Mexico it is the same. All the minerals in Mexico belong to the government; the government never sells these minerals; it only leases them out, and

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the lessees must pay so much per year on the gross output. The lessee must pay a certain minimum royalty and do a certain minimum of work, else, just as in Canada, the leased minerals revert to the national government. He cannot procure a lease, and then sit back and do nothing and wait for fortuitous conditions to make him rich. He cannot speculate in the toil of other men. The values which come by reason of general conditions go to the government—that is, to the people. Nor have the contending factions, fighting for power since the downfall of Diaz, attempted to make change in these fundamental provisions of the Mexican constitution.

These states of Canada and Mexico are modern states. They are neighbors of ours, north and south.

IN AUSTRALIA, NEW ZEALAND, AND SOUTH AFRICA.

In the commonwealth of Australia and in such Australian states as New South Wales, Western Australia, Queensland, Victoria, and Tasmania, all coal is now owned by and is leased out by the state and provincial governments, just as it is in Nova Scotia and in Canada, for Australia has bought back and repossessed herself of her coal fields, which had largely passed into private ownership, thus restoring to the people their heritage. So, also, in the union of South Africa; their coal and their gold and their diamonds yield royalties and save taxes to the government, which is the people.

IN BURMA.

In Burma, which is under the government of India, the oil fields yield their royalties to the government; so, too, it is in Dutch Java and Sumatra. The lessees pay

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their royalties to the governments, and the governments thereby lessen by that amount the weight of taxation which the people would otherwise have to pay.

IN RUSSIA.

In the empire of Russia the vast oil and gas fields around the Caspian Sea, neighboring the city of Baku, belong to the government, which leases them out to the producer; the royalties all go to the state, and thereby lessen enormously the burdens of taxation.

IN OTHER EUROPEAN STATES.

Only in a few of the older states of Europe, where privilege and monopoly are protected by reason of long-standing custom, do the coal fields and the oil and gas beds yet continue to be owned by individuals and held in private hands, viz.: In Galicia, Bukowina, and Roumania, the oil and natural gas fields; in Belgium, in France, and in Westphalia, the coal beds, although as a temporary war measure the French and German governments are now working these coal beds under military supervision.

PREVAILING SENTIMENT AND PRACTICE IN WESTERN HEMISPHERE.

Throughout the Republics of the Western Hemisphere, without an exception, we find public sentiment and practice approve the ownership of natural resources by the governments, preferring this ownership of the people to the sequestration of these resources by ready and rapacious private monopolies.

Thus, in the United States, we find that the recent action of President Taft in withdrawing immense areas

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of presumable oil-producing territory from private grant and restoring it to the public domain is sustained by not merely public sentiment, but by the recent opinion of the Supreme Court of the United States; and thereby impliedly sustaining, likewise, the action of President Roosevelt in withdrawing large areas of mineral and forest lands from private grant, in order to assure their permanent ownership by the National Government, the people's agent.

TENDENCY IN GREAT BRITAIN.

In Britain itself we find the same principle recognized and applied in the breaking up of the huge estates of the Irish landlords, which are compulsorily purchased by the government and then restored to the people through sales of moderate areas on easy, long-time payments.

While throughout the coal fields of Britain at the present time there prevails a widespread and increasing agitation in behalf of the nationalization of the coal-fields, in order that they shall belong to the people, and may no longer remain the private property of the landlords, who grow rich not merely from the royalties obtained, but also from the unearned increment of value which comes to them by no effort of their own.

Likewise, the committee recently (March, 1915) appointed by the British Board of Trade have just recommended to Parliament that, "If prices do not shortly return to a reasonable level, the government should consider a scheme for assuming control of the output of collieries during the continuance of war." Wherefrom we see England undertaking to do as a war measure what she was slowly preparing to do in times of peace.

III.

STATE OWNERSHIP AND STATE LEASES.

SPEAKING broadly, it would seem that the practice of the leading democracies of the world (as well as some enlightened monarchies) favor the ownership of the coal, the oil, and natural gas and other mineral values, as well as water-powers and forests, by the agents of the people, which are these governments; and the tendency of development is that these natural resources shall be opened up and operated by lessees working under equitable and uniform leases from the government direct.

This is generally true, although in some instances a more radical drift becomes apparent, viz.: Where, in a few instances, it may have been found expedient that the government, as agents of the people, shall develop these natural resources themselves, as, for example, the operation of certain coal mines in New Zealand by the Dominion Government; the reservation of certain coal areas in Alaska for the purpose of ultimately being worked by the United States Government.

While, taking a more extreme position, the United Mine Workers of Illinois, in State convention assembled, have recently raised and debated the question of the acquirement of the coal fields of Illinois by the State and their operation under State authority; and Senators Kenyon of Iowa and Martine of New Jersey, in their report to the United States Senate upon the strike conditions recently prevailing in the region of Paint Creek, Kanawha County, West Virginia, argue for the purchase and nationalization of the coal fields of the country at large as the only sure remedy against future strikes and consequent industrial unrest:

And while the recent and notorious mine disturbances in Colo-

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rado seem to lend emphasis to a National movement for a readjustment of the relations of landlords and lessees as well as mine workers.

And it is with reference to this subject of State ownership and State leases that I now take the opportunity to quote at length from the able report of Secretary-of-the-Interior Fisher, of Mr. Taft's Cabinet, presented to Congress in 1911, published as Bulletin 36 of the Interior Department.

LEASING SYSTEM THE BEST.

Mr. Fisher says:—"I believe that the leasing system avoids the controversies and the difficulties of both extremes of public and private ownership. It has been adopted with conspicuous success in the great mining communities of Australia and New Zealand. It is now the established law of the Yukon territory, lying in Canada, just across the border from Alaska. It is the system under which much of the privately owned coal lands of the United States is, in fact, to-day being developed. Under it we can insert, as matters of contract and as conditions to which the lessee voluntarily consents, those regulations and requirements which promote the public interest, the enforcement of some of which by mandatory law might be unconstitutional. By making the terms liberal we can make them even more attractive to capital than if we adopt the policy of an outright sale of the fee."

WHAT HAPPENS WITH COAL LAND SOLD OUTRIGHT.

"Let us consider for a moment what ordinarily happens with coal land that is sold outright. Comparatively little of it is mined by the original purchaser.

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He usually disposes of his title to a succession of others, each of whom in turn adds to the cost of his purchase the profit in consideration of which he sells, and with the increasing frequency the final result is the operation of the coal mines by a lessee, who must pay a return on these accumulated profits and who adds his own, transferring the burden of it all to the consumer."

TONNAGE FROM LEASED MINES, 1909.

"One hundred and fifty-six million tons of coal, or thirty-four per cent of the total production of the United States for the year 1909, were mined from lands operated under private leases, and these leases are common in every coal-mining State. Naturally, much more so in some States than in others."

AREAS UNDER LEASE 1909.

"Considering the areas involved, we find that in West Virginia, in the great Pocahontas and New River coal fields, which yield the finest steaming coals of the continent, about ninety per cent of the area in the Pocahontas district and about sixty per cent of that in the New River district are mined on a private-lease basis, which pays the lessor a royalty fee averaging ten cents per ton. In the Southern Appalachian coal fields, just south of the Pocahontas region, it is estimated that seventy-five per cent of the area is mined on a lease basis; in the Hocking Valley region of Ohio, seventy-five per cent; in Iowa, more than seventy per cent; in Arkansas, sixty per cent; and in Oklahoma nearly all of the coal lands are operated on a lease basis."

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AGGREGATING ALL THE PRINCIPAL COAL MINING STATES.

“Taking all of our principal coal-mining States, the census figures for 1909 show that of a total of 6,900,000 acres of coal lands under operation, more than 2,000,000 acres, or thirty per cent of the whole, was in 1909 operated under a system of private leases.”

CONSUMER EVERYTHING TO GAIN FROM LEASING SYSTEM.

“It is therefore substantially correct to say that, whether we like it or not, the choice is not as to whether we shall mine our coal on the leasehold system, but whether we shall mine it under leases from private owners or from the Government direct. That the consumer has everything to gain under the governmental leasehold must be apparent, for the Government can make its royalties as little as it chooses and it has no invested capital and no unearned increment on which to pay returns. Opposition is to be expected only from those who wish to obtain our coal lands for the stock jobbing or speculative purposes, or so that they may take a greater profit than is essential to assure immediate development that can be assured under the leasehold system. Without it there is no reason why private individuals should not acquire the property and hold it out of development until they can take advantage of the increasing demands of the future.”

IV.

HOW IS IT IN WEST VIRGINIA?

OUR COAL.

IN West Virginia we have twenty-one thousand square miles of coal area. The greater part of this coal yet lies dormant and unworked. For the last thirty years speculators have been buying up these valuable coal lands for a song and growing fat upon the rise in their value.

In 1870 and the years following, prior to and during the construction and completion of the Chesapeake and Ohio Railway, thousands of acres of coal land were bought up by non-resident speculators along the prospective route of this road, at fifty cents, seventy-five cents, and one dollar an acre, which included, particularly, the valuable coal lands along and contiguous to the valley of New River—lands which have since reached valuations of many hundreds of dollars per acre. In 1880, 1881, 1882, 1883, 1884, and 1885 the coal lands along where is now the Norfolk and Western Railroad were bought up by foreign speculators at five, ten, and twenty cents an acre; much of this land is now worth in excess of \$1,000 an acre—a rise in value of more than one million per cent. The coal-land speculations in the Fairmont region, in Marion and Monongalia Counties, and in Preston County, along in the nineties, exhibit similar prodigious percentages of increased values.

These lands are now owned chiefly by non-resident

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millionaires, who suck out the royalties that these lands yield when worked, and who hold them largely unworked for speculative increases in values, against the future day when they must be worked. These vast revenues are much of them hoarded in Philadelphia, in New York, and in Boston, and there are some of them squandered in London and in Paris. The people of West Virginia gain little or nothing by reason of the enhancing values of this mineral wealth.

LIMITATIONS OF LESSORS.

The lessors who have once leased their coal lands have thereby finally fixed the values of their properties during the term of the prospective lease, and the values are consequently at a maximum at the time of the making of the lease, governed by the fixed royalty therein named; and while the amount of royalty per year may increase in proportion to the output of the leased mine, yet, on the other hand, the value of the leasehold is necessarily constantly diminishing with every ton of coal extracted from the property. Thus the lessor cannot hope for higher values after he has once fixed fast the valuation of the lease given by the necessary limitations it contains. It is only the leasehold estate acquired by the lessee which may rise in value, and the lessee alone may profit by rising valuations due to the quality of the coal mined, its accessibility to market, the market's increased demand for that particular coal, and such other causes as may tend to increase the value of that particular coal-producing property. The landlord's interest in the leasehold estate, limited by its royalty provisions, as it is, must always be a diminishing interest, the only chance being to press for a higher

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royalty and more stringent lease-conditions at the expiration of the term, when the lessee comes forward to ask a renewal. A landlord of a lease can well afford to sell his interest therein to the State if he be so fortunate as to have the chance.

LIMITATIONS OF LESSEES.

The lessees of these coal lands live under continually more stringent leases, each renewal pinching the actual lessee-operator on the land under a heavier and heavier royalty. Private lessors want the last cent of royalty yield; equitable and uniform government lease control, where all fare alike and mine-worker and operator receive equal and just consideration, as prevail in Canada and Australia, are unknown here.

OUR OIL AND NATURAL GAS.

With oil and gas in West Virginia it is similarly a matter of enriching the foreign speculator. The lessee, who puts in his money and often his life, who takes the risks and meets the hazards, also fares hardly in the hands of grasping and money-mad landlords; while the unlettered farmer, in his turn, is often the victim of the unkept and unkeepable promises of unscrupulous takers-up of an oil-and-gas-lease. And the State must stand idly by and see millions in oil values and in natural gas taken away mostly by foreign owners, while neither the State nor the people of West Virginia receive therefrom a fair proportionate share.

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MINES WEST VIRGINIA YIELD, 1911-1913.

In the year 1911, the mines of West Virginia yielded 54,033,186 tons of coal; in 1913, 65,783,088 tons—an average increase of 5,000,000 tons per year, during rather indifferent years. If this coal were owned by the State and paid the royalty of ten cents per ton, it would have yielded the State \$5,403,318 to \$6,578,308.80, and the State income would be increasing from coal alone at a rate of not less than \$50,000 per year.

OIL OUTPUT, 1911-1913.

The output of oil for the year 1911 is reckoned at 12,000,000 barrels; in 1913 it was approximately the same. If the State had received one eighth of this, that would have returned 1,500,000 barrels—at the market price of \$1.50 per barrel, worth \$2,250,000.

GAS OUTPUT, 1911-1913.

For the year 1911 the outflow of the natural gas wells of West Virginia is reckoned to have been in excess of two hundred billion cubic feet; in 1913, two hundred and fifty billions. This, at a rental to the State of, say, one half cent per thousand cubic feet, would have yielded an income of \$1,000,000.

ESTIMATED TOTAL REVENUE FROM COAL, OIL, AND GAS, 1911-1913.

For the year 1911 the total revenue would have been \$8,628,718, and in 1913 close to ten millions of dollars, without yet taking into consideration our abundant water-power and widely distributed forests.

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WEST VIRGINIA WATER POWER.

Lying as West Virginia does, upon that portion of the Appalachian slope where the warm, moist airs coming up from the Gulf of Mexico meet the colder air currents that drift across the flat lands of Ohio, Indiana, and Illinois from the wind-trough of the Great Lakes, there is found within the State of West Virginia an unusual amount of precipitation. This liberal rainfall is carried off from her mountain-slopes and hill-sides by a thousand rills and rivulets into her multitude of creeks and rivers. Her extensive forests, covering a major portion of the surface of the State, largely hold back and conserve these abounding waters, so that the streams of West Virginia maintain an unusually steadfast and regular flow throughout the year.

And here it may be noted that practically the entire flow of the Ohio River from the point where it enters West Virginia to where it passes out, a distance of two hundred and fifty miles, subject to the navigation laws of the United States, is the property of the State of West Virginia, since the State's sovereignty extends to the river's low-water mark on the Ohio side.

And furthermore, that the Ohio, when passing through West Virginia, has received not only the waters of the Monongahela, but also the waters from the extensive watersheds drained by the Youghiogheny, the Allegheny, and Beaver Rivers—covering a large portion of western Pennsylvania—and further receives the waters of the Muskingum and multitudes of smaller streams draining eastern Ohio. While the New River and Great Kanawha are the outlets of the waters gathered from the mighty mountains and deep

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valleys of western North Carolina, as well as from the streams of western Virginia. Thus there is added to the million horse-power estimated to be yielded by the streams and waters included within the natural drainage of West Virginia, not less than another million horse-power, or even double that, or more. So that our estimates based on two million horse-power would seem to be conservative.

ESTIMATED VALUE OF OUR WATER-POWER TO-DAY.

Up to the present time, according to the information which the Geological and Geophysical Departments of the National Government give us, the water-power of West Virginia may be fairly estimated to be capable of yielding not less than two million horse-power, or ought to be capable of it with proper storage facilities assured; or, to express this horse-power in electrical units, this would mean that the potential water-power of the State is estimated to be capable of yielding not less than 1,492,000 kilowats. To obtain an idea of the value of this power, and using three hundred days for a year and five cents as an average rate per kilowat-hour, the total value of the water-power so transformed would be over five hundred and ninety-seven million dollars (\$597,120,000) per year. If the State should ultimately receive one tenth or even one twentieth of this possible annual revenue, it would receive an income of approximately sixty millions of dollars, or even thirty million dollars (\$60,000,000 or \$30,000,000) per year for the use of its water-power alone.

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UGHT NOW TO MAKE PROVISIONS FOR USE OF WATER-POWER.

The finally-to-be-harnessed power of these numerous waters, which natural conditions so liberally assure to West Virginia, ought not to be ignored by her people, but rather provisions should now early be made for the conservation of this water-power and this potential electrical energy, and for the reservation to the people, through their common agent the State, of an adequate share in the immense profits yet to be drawn therefrom, so that, along with her coal fields, her oil deposits, her stores of natural gas, her water-power shall likewise contribute toward the peoples' income and toward relieving the people from taxation.

FORESTS OF WEST VIRGINIA.

Again, the forests of West Virginia. The last and greatest item of natural wealth belonging to West Virginia is her immense forests of hard wood, of spruce and white pine and hemlock, still uncut and standing yet on her mountain slopes. And it is toward the conservation of this element of wealth in West Virginia that the progressive thinkers now turn, while the question arises whether or not it would be advisable for the State to receive a royalty on all merchantable timber cut and to be cut, as is done by the National Government from its western forest lands, and in other progressive modern states, such as, for example, modern France and in Germany, from the annual cut of her carefully conserved Black and Thuringian forests.

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TOTAL STATE TAX RECEIPTS, 1910.

For the year 1910 the total State taxes levied in West Virginia upon the real and personal property equalled \$501,197, and the revenue yielded for roads and schools, for the fiscal year ending September 30, 1910, equalled \$4,835,687 (a total of \$5,336,884); while the annual taxes levied for county and municipal purposes in the fifty-five counties of the State equalled \$4,119,396 additional, making a total levy for taxation of \$9,456,280 for the whole State.

REVENUE OF 1911 LARGE ENOUGH TO CARRY ALL TAXATION.

Thus we see that the people of West Virginia, if they owned and were able to lease out their own coal and oil and natural gas, to say nothing of their water-power and forests (which water-power we see to be capable of yielding ultimate revenues of from \$30,000,000 to \$60,000,000 a year), would now already enjoy a revenue large enough (\$8,628,718) to sustain all present taxation (1911) for State and county purposes, for roads and schools now maintained (\$5,336,884), and also enough more (\$3,219,834) immediately to increase the school term, to build public roads and maintain them, to support our public institutions and widen and increase their usefulness; and might look forward, when further aided by the revenues received from developing water-powers, to relieving eventually our towns and cities of part or all of their burdens of local taxation, making West Virginia in due time a tax-free State—the most sought-after and the most desirable of any in the world to live in, to work in, to manufacture in and do business in.

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PRESENT METHODS OF TAXATION UN- SCIENTIFIC AND OBSOLETE.

Neither the States of Virginia nor West Virginia have ever attempted to formulate any scientific system of taxation. From the very beginning Virginia's politicians looked only to immediate revenue for meeting present necessities, attempting to squeeze revenues chiefly out of wild lands which were really quite unable to bear such a burden, and furthermore saddling farmer, mechanic, and enterprise with continually shifting burdens of taxes, according to momentary need.

And although the newly created State of West Virginia started off in 1863 with a then modern and workable Constitution and a system of taxation better calculated to meet the necessities of a progressive State, yet with the triumph of reaction in 1872 and the re-establishment of the ancient Virginia Constitution of 1849, taxation in West Virginia was thrown back to the primitive and inchoate methods under which the old State had been so long oppressed. We still are handicapped with the obsolete Constitution and with the methods of taxation it requires. Patched up here and there with inadequate amendments, our lame Constitution and consequent limping tax laws can be nothing but a patchwork of temporary expedients framed to meet temporary needs, according as the political party or the group of politicians momentarily dominant conceive the present expenditure of the people's moneys to require. Thus a steadily increasing burden of taxes is imposed upon our people, upon their industry, their enterprise, handicapping their energies and blighting that prosperity which the natural wealth of the State justly entitles them to enjoy. Nor is there any hope for West Virginia

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to lighten these steadily increasing burdens of taxation so long as our present Constitution and present system of taxation laws prevail. Year by year the expanding and legitimate needs of the State, the insatiable hunger of politicians eager to devour State revenues and enjoy the power that comes from their manipulation, will subject our people more and more completely to the unending game of grab-and-take. It is only by lifting West Virginia to the higher plane of modern progressive relationship to her natural resources that the inevitable development of a continually more and more oppressive tax legislation may be escaped.

V.

CAN WEST VIRGINIA DO WHAT OTHER STATES ARE DOING?

IS WEST VIRGINIA able to carry out policies which are already invoked by the Government of the United States and which the Government is undertaking to carry out with reference to the coal lands in Alaska and the oil and natural gas lands and water-powers and forested lands in the West?

Is West Virginia able to inaugurate and carry out policies regarding her natural resources which are already successfully in practice in the States of Colorado, Iowa, Montana, North Dakota, Minnesota, Oregon, Washington, and all developing and progressive Western States?

Is West Virginia able to inaugurate and carry out policies such as have been already established in Canada with reference to her coal and mineral lands; which have always been established in Mexico in reference to all mineral values, and which are ably demonstrated to be practicable in the great southern Commonwealth of Australia and the Dominion of New Zealand?

Furthermore, is West Virginia able to inaugurate and successfully maintain a system not merely for the conservation and development of her coal and oil and natural gas, but likewise her water-power, as an asset of the people,—following the policies now inaugurated by the United States Government, as evidenced in recent legislation enacted by Congress; and as has already been done in Canada under an efficient system of gov-

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ernmental leases for limited periods of time, subject to payments of royalties per horse-power or per kilowatt?

Will it be possible for West Virginia to inaugurate a system whereby its timber shall be conserved and cared for and yield a revenue to the State also, such as is already happily established for our western National forests, as well as in modern France and in Germany.

If the collective mind of the progressive nations and peoples of the world is coming to agree to the wisdom of conserving, protecting, and administering the natural resources which Providence has placed upon the earth for enjoyment and profit of the peoples of the lands wherein they lie, then what immeasurable public benefits must inure to the enrichment of the people of West Virginia by following a similar course of public policies, rather than leaving these vast riches to drift into the mere pocket-fattening of a few early comers and greedy holders! Is there any reason, indeed, why the people of West Virginia should not exercise in full measure the privilege of enjoying the natural profits accruing to them from the abundant natural wealth of coal and oil and natural gas and water-power and timber with which God has endowed their State?

To the candid mind, there can be no hesitation in agreeing that if it were possible to re-endow the State with the natural wealth which it originally possessed, and which it has from time to time alienated and deeded away, such a course would be of paramount advantage to the State and its people. The question raised immediately in the mind can be only whether it lies within the possibilities of the law that such a repossession shall take place. No one questions or can question the bene-

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fits which must be bestowed upon the people if this re-transfer of title shall be brought about.

Consequently, the only question before us is sifted down to (1), Whether it is legally possible to make the transfer; and (2), What are the usual legal measures adopted in other lands to accomplish this end?

We find, in looking over the now existing laws of the English-speaking peoples of the world, whether it be in the Dominion of Canada or in the Commonwealth of Australia, that the universal practice assumes that the National or the Provincial or State Governments ought to own—and generally they do own—the great natural riches of the land: the coal, the natural gas, the oil, its gold and silver and other minerals, the flowing waters and the forests; and then, that a constructive statesmanship shall provide the methods by which the State may re-assume title to these natural resources, whenever it happens they shall have been sold or aliened to others; and that, following these practices, a system of State leaseholds has gradually been developed whereby the Government, which is the agent of the people, assures to the people the ownership not only of the fee, but also of the continuing and advancing values of the unearned increment of value; while, on the other hand, the lessee, operating under a Government lease, finds himself better protected from pinching landlordism than when operating under a private lease from an individual—and too often an alien and non-resident—owner.

And in looking further abroad, to the practice now prevailing in other than the English-speaking dominions of the world, we see that, whether it be in Spanish lands, or upon the South African Continent, or along the borders of Asia, in Java, and the Dutch Indies,

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in French Tonquin, in English Burmah or in India, or in the vast Russian empire, that the usage of enlightened government is to follow this practice of State ownership and State leases, now already blazed out by the Anglo-Saxon peoples.

The second step is in the matter of the re-transfer of the title of these natural resources to the sovereign governments of the people, and this procedure has of course only been necessary where these resources have already been alienated by the government; in which event only does it become mandatory that the government shall proceed to the exercise of its reserved rights of Eminent Domain to re-vest itself with the title to the fee. And here we necessarily turn to the great free governments of the English-speaking peoples in the Southern Hemisphere—the Commonwealth of Australia and its many semi-autonomous provinces, as well as to the Dominion of New Zealand. In these states a careful and comprehensive system has been worked out during the past twenty years whereby not merely the great coal fields, which had been alienated by the several provinces in the early days of the colonies, but likewise the extensive bodies of grazing and agricultural lands, possessed chiefly by non-resident owners, have been bought back by the state and then re-leased to coal operators and farmers under uniform and reasonable state leases, so that instead of remaining private monopolies, they are now operated under fairer conditions, are cut up into smaller land-holdings, and have been sold or leased again to the people. The system has been in life many years, is well established, and seems to have met the need which called it into existence.

In a general way, I may say that a commission is appointed, which commission decides what land the

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State shall re-purchase, the price of the land being governed by the valuation which the State "Valuer-General" or the landowner himself has put on it for taxation, the law providing, as it does in West Virginia, that all the land shall be assessed at its actual value; and the State then takes immediate title.

HOW SHALL THE STATE ACQUIRE?

It is now suggested that a similar system for the re-purchase of the coal and gas and oil of West Virginia shall be inaugurated, and it becomes simply a question how closely we shall follow these land-laws of Australia (and New Zealand), just as in other things we have already profitably followed the Australian method, where we have been voting the "Australian Ballot," and using the "Torrens" system of certifying land titles—now established in eleven States and adopted in modified form in many others,—Australian practices which have been found to work satisfactorily in America. We propose again to borrow a little more from Australian common sense.

Thus, let the State through a commission, duly appointed, invoke and exercise its right of Eminent Domain and take up the coal and the oil and gas in perpetual ownership. The lands that are now leased let the State lease again in renewals of the term so long as the lands yield a royalty. The present lessees will thus be in even a more assured position than at the present time. The income to the State will be immediate, and it will increase year by year, for development and industry will not be handicapped by taxation, and all increase in valuation of the fee will inure to the State.

If the question be raised as to whether the State

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possesses the power to acquire by virtue of its right of Eminent Domain, I would observe that this is scarcely a matter open to discussion. If it shall be found that the State now possesses authority to exercise this right, under laws and Constitution as they now stand, then the way is clear at the start. If it should be questioned whether the State possesses this authority under laws and Constitution as now existing, then it may be remarked that the people are supreme and that by future legislation and constitutional amendments the laws of West Virginia may be so adjusted as to give full and undisputed legal sanction to the carrying through of the measures here proposed—the re-possession by the State of all elements of its natural wealth which the people shall determine to re-possess. The people are the ultimate sovereigns; their will must always be supreme.

HOW WILL THE STATE PAY FOR ITS NATURAL RESOURCES THUS ACQUIRED?

How will the State pay for the coal and oil and natural gas? Let us see how this problem is solved elsewhere. To pay for anything there are only two ways: either put down the cash, or give your note or bond. In this case, it may be admitted that West Virginia does not possess the cash; therefore, let her give her note or bond—this is the method by which most of the commercial transactions of the world are carried on.

STATE BONDS WILL PAY FOR MINERALS ACQUIRED.

Let the State issue non-taxable bonds at four or five per cent interest, running say, a hundred years,

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secured by a sinking fund, into which there shall be annually set apart a certain to-be-determined and adequate proportion of the State's waxing incomes, and exchange them at par for the coal and the oil and gas at values ascertained, as to-day in Australia and in New Zealand, by a competent commission and in accordance with our own prevailing laws for the determination of taxable values. The increase and enhancement in values of the coal and oil and natural gas, and the profit coming into the State treasury from the utilization of our water-power from year to year, to say nothing of what revenue shall be derived ultimately from our forests (revenues that may be reckoned in a few years to exceed \$30,000,000 to \$50,000,000 per year), will in itself soon be sufficient to cover the interest charge and will finally pay off the principal of these bonds, for all the unearned (cumulative) rise in values will inure to the benefit of the State and of the whole people.

EFFECT OF CONVERSION OF FIXED INTO LIQUID ASSETS.

This transformation of mineral values—values that are now mostly dormant—into assets mobile and immediately available, such as bonds for use as active capital, will in itself be of prodigious advantage to the State and to her people.

These bonds will necessarily themselves maintain a fixed or even advancing value, and may be made the basis of State bank loans and, with the consent of the National Government, of National bank loans and currency circulation—and will be a potent factor in our industrial and commercial development.

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CONVERSION FROM PRIVATE OWNERSHIP TO STATE OWNERSHIP THROUGH A PERIOD OF YEARS.

Nor will it necessarily follow that this transition from individual fee ownership to State ownership and resulting State leasehold shall be consummated in a day. The process of conversion may extend through such a period of years as shall be deemed expedient. The large and increasing revenues accruing by reason of the continuing development of the coal and the oil and the natural gas fields and the developing water-power, continually lightening the burden of acquisition and facilitating the process of the wiping-out of taxes, until, at the end of such period of time as may be fixed upon, all of the mineral wealth in the State shall belong to the State and all taxes now levied by the State shall be expunged.

THE RIGHT AND POWER OF THE PEOPLE TO TAKE.

The people of the earth are the owners thereof. No individual can or should stand against the welfare of the many. In a democracy the public weal must always come first, the individual welfare second; because only in this way can the widest individual welfare be secured. The sovereign people possess the high power to abolish laws and to change Constitutions. Laws which exalt the individual at the expense of the people must perish; laws which save the people shall live, and courts watching over the welfare of the people will in the end inevitably so maintain.

