proposed harbour improvements on the ocean seaboards and on our inland waterways will be still more costly. To stop short at this conjuncture, to refrain from completing the industrial cycle, is not the path of wisdom.

Another vital consideration is the fact that Canada possesses the only important coal deposits on tidewater in the whole hemisphere. These are situated, respectively, in Nova Scotia and in British Columbia. At present we have absolutely no means of protecting these in case of war. They would be absolutely at the mercy of a hostile fleet. In itself this is a serious enough fact to demand instant attention.

We hope, therefore, that the policy of the Dominion Government will be so modified as to encourage specifically the establishment of Canadian shipbuilding. Canada is ready and willing to help the Mother Country in any and all emergencies. Canada owes it to herself to make ready for the building of her own mercantile and war marine. This is doubly true if the Premier's opinion is correct. Fortunately, we believe that he has been quite misled.

SYSTEM OF MINE TAXATION

At the October meeting of the New York Section of the Mining and Metallurgical Society of America, the subject selected for debate was that of Systems of Mine Taxation. The discussion was opened by Mr. J. R. Finlay, who referred to four methods of taxing mining property of which he had knowledge, namely: (1) The plan in force in Michigan and Minnesota, of taxing on an ad valorem basis; (2) that followed in Colorado, Montana, Idaho, and Nevada, of taxing each year's net income over expenditures; (3) the United States government plan of taxing the net "profits" of corporations; and (4) that largely applied throughout the British Empire of placing a fixed royalty on output. Commenting on these several systems, Mr. Finlay remarked that while the difficulties in the application of the ad valorem method were considerable, they were not insuperable. What is needed in this case is a central authority ready and able to apply some well defined rules. In a mining community, taxes should be levied on a minimum valuation of land holdings and on all buildings and tangible assets, whether profitable or not, in some proportion to their cost. These taxes should be fundamental and could be made to cover local expenses. The mines themselves can be valued intelligently only after they have reached the profit earning stage. They can then be valued with fair accuracy, but should be re-assessed each year. This is not so considerable a task as would at first appear, for the number of profitable mines in each district which can be appraised for the value of their mining business *per se* is never very great. The work could be systemized by means of periodic reports, and by the inspection of maps and new developments. The other systems of taxation are at first glance somewhat more attractive on account of their greater apparent fairness. The weakness is, however, that taxes must be levied on property before it has become remunerative, taxes on profits alone can never be sufficient and can only supplement local ad valorem taxes of some description. On the theory that the business of a mining company, in contradistinction to its mere possessions, has value only if it is profitable, the system of taxing yearly revenue can be made absolutely fair; and the advantage of taxing net income is that it involves no necessity for making a valuation of the business. The recommendation in favour of royalty or "tonnage tax" is chiefly in the fact that it is broader in its scope than an income tax and that it is a harder tax to dodge.

Mr. H. C. Hoover remarked that taxation of mines in the British Empire rests upon an entirely different basis than that in the United States, and, moreover, it varies greatly in different portions of the Empire. In America the mining laws were formulated at the apogee of the economic theory of *laissez faire;* as a result, the minerals were freely alienated to the individual, and thus, under the economic sentiment of that period, the state or community reserved scarcely any right in the minerals. Hence, the object of taxation is purely for the necessary state revenue. In the British Empire the mining laws are to some extent either a survival of the period when the state or crown claimed an interest in all minerals, or have been formulated during these latter days when that claim has been revived. Moreover, the general basis of taxation throughout most of the British Empire is upon income and not upon capital. The tendency, therefore, is to employ taxation on minerals as a means to allow participation by the community in the minerals won, as well as to procure revenue. In some states, such as West Australia and the Transvaal, for example, taxation takes the form of rents on mineral land, fees for various state services, and so on, which at least partially support the local government; but, in addition, there is a heavy tax on profits, varying from 5 to 10 per cent. In some Indian states a gross royalty is demanded on minerals won, the origin of this system being mainly the conception that mineral ownership rests in the local prince, or the state, and that the working of mines pays tribute to the owner. Mr. Hoover's own view of a basis of taxation is that the right of the community to an interest in its minerals should be recognized. In the United States (and this also applies to Canada) in view of the alienation of the minerals, this right can be secured to the state only through some form of taxation; further, the miner should contribute his share to the cost of local government like all other members of the community. Respecting the form of taxation, he was of the opinion that any system based upon the capital value of mines is open to the strongest objection, because it throws upon the local, perhaps, unskilled official the highly technical work of mine valuation. A gross royalty on minerals won, although easiest of