

be amended. Timber-land owners in other states and provinces have not always fared so well. The State of Michigan furnishes a particularly instructive object lesson of the results of placing a heavy burden of taxation on standing timber. There on six million acres of non-agricultural lands, which thirty years ago carried one of the finest forests in the whole world, and which to-day are lying almost wholly waste, is to be seen the logical conclusion of the policy of assessing woodlands at a higher rate than that indicated by the capacity of the soil to produce wood crops.

The high taxation made but one kind of lumbering possible—to wit, the cutting clean of whatever was merchantable at the time as fast as it could be marketed, followed by the abandonment of the ruined tracts to the state for taxes. This policy was forced on the lumbermen landowners greatly to their regret and financial loss by the authorities who were responsible for the tax, but who failed to see that they were killing the goose that laid the golden egg. The net result was the transformation of a magnificent pine forest to a wilderness at a cost to the lumbermen of tens of millions of dollars, because of the forced haste in harvesting, but at far greater cost to the state as a whole in the total destruction of the forests on lands wholly unsuited for agriculture, to which must be added the loss of a lumbering industry which, had it been conducted on conservative principles, could have been a source of wealth to its citizens in perpetuity. Wisdom in this matter of taxation has not yet been fully learned, and the destruction of the remnants of Michigan's forests proceeds apace.

II.—The Rate Basis.

In discussing the fundamental difference between the levying of an annual tax on properties capable of producing an annual income, and the levying of an annual tax on properties capable of producing an income at long intervals only, it is well to bear clearly in mind that this is purely a question of mathematics. It can, however, best be understood by studying a concrete case. To make this case as simple as possible the following conditions will be assumed:

1. That the properties to be compared be two plots of land of equal producing capacity, and at present without any crop whatever. By equal producing capacity is meant that each plot shall be capable of producing during the next sixty years a net annual yield at the time of harvest of, say, \$10 per year, whether devoted to the production of field crops or wood. If devoted to field crops the \$10 would be realized annually, but if devoted to wood production the annual growth of wood must remain in place till the end of the sixty years when the total will be worth \$600 net.