

## Governor Johnson's Veto of Tonnage Tax

The Commoner has received so many inquiries in regard to Governor Johnson's veto of the iron ore bill that it has secured a copy of the Minnesota democratic platform of last year (which appears below) and a copy of the governor's veto message. The Commoner will not enter upon a consideration of the merits of the bill, but will be pleased to give space to Minnesota democrats who desire to discuss it, equal opportunity being afforded for approval and criticism.

The Commoner has on many occasions insisted upon the binding force of a platform, and is not disposed to surrender its position upon that subject. The democrats of Minnesota met in state convention in August, 1908, and adopted a platform in which the following plank appeared: "We would call the attention of the voters of this state to the fact that there will be pending before them at the next election, an amendment to the constitution dealing with the subject of taxation. That this amendment will open the way for the passage of a tonnage tax on iron ore and that the steel trust is at this time trying to have declared invalid a similar amendment voted upon and carried at the last election. We recommend the adoption of such an amendment, to the end that these interests may be required to bear their just share of public burdens."

In a message sent to the legislature during his former term, Governor Johnson complained of the inadequacy of existing methods of taxation and said: "The state of Minnesota, which holds the resources, and has yielded these magnificent incomes to a few private and corporate interests, is the only party who receives only a beggarly income." The tax commission, created by the legislature and appointed by the governor, made a report in favor of the tonnage tax, and the legislature passed a bill providing for a tonnage tax. It was the veto of this bill by Governor Johnson that has raised the discussion.

In his veto message he presents his reasons for vetoing the tonnage tax bill. If the tonnage tax was wrong, it ought not to have been endorsed in the democratic platform. If the governor believed the tonnage tax wrong, he ought to have repudiated the plank of the platform IMMEDIATELY; if he intended to veto such a bill, he ought to have announced such intention, so that the voters could have been informed upon the subject and taken it into consideration in deciding how to vote. A platform is the nature of a contract between the public and the official, and the official is not at liberty to rescind the contract after the voters have ratified it.

Even if Governor Johnson thought the tonnage tax unconstitutional, he ought to have left the matter to the supreme court. A majority of the legislature seemed to think it constitutional, and the governor ought to have given the benefit of the doubt to the legislature, especially as the legislature acted in accordance with the democratic platform. If the governor had signed the bill, the people taxed by it would have had their protection because the supreme court would have decided upon the question of constitutionality, but when the governor vetoed the bill, the people who believed the law just had no court to appeal to because the question of constitutionality could not then be raised.

The governor's veto was not necessary therefore to protect those who opposed the bill, but his signature was necessary to carry out the ideas of those who favored the bill.

If a democratic official is convinced AFTER the election that the platform upon which he was elected is unsound, he had better stand by it and let the mistake be corrected at a future time, than take the responsibility of repudiating a contract entered into with the voters.

It has become quite common for corporations to ridicule platforms, and to justify the deception of the public, the trusts have been guilty of doing this in national politics as well as in state politics, and the only protection for the public is, first, to compel the adoption of platforms reflecting the wishes of the voters, and then to enforce respect for platforms. A platform which is not binding is worse than useless—it is a means of deceiving the public. The republican leaders at Washington are now engaged in repudiating their last national platform as construed by western republicans, and some of the democrats at Washington are re-

puclating both the letter and the spirit of the democratic platform. The time is ripe for emphasizing the doctrine that A PLATFORM IS BINDING and that NO OFFICIAL ELECTED UPON A PLATFORM IS AT LIBERTY TO DISREGARD IT OR TO REPUDIATE IT.

### Minnesota Platform

In the democratic platform adopted at Minneapolis August 19, 1908, the following plank appeared:

"Tonnage Tax—We would call the attention of the voters of this state to the fact that there will be pending before them at the next election, an amendment to the constitution dealing with the subject of taxation. That this amendment will open the way for the passage of a tonnage tax on iron ore and that the steel trust is at this time trying to have declared invalid a similar amendment voted upon and carried at the last election. We recommend the adoption of such an amendment, to the end that these interests may be required to bear their just share of public burdens."

### GOVERNOR JOHNSON'S VETO

State of Minnesota, Executive Department, St. Paul, April 20, 1909.—Hon. A. J. Rockne, Speaker of the House of Representatives. Sir: I have the honor to return herewith without my approval, H. F. No. 227, a bill for an act defining and classifying mineral lands and providing for the taxation of the same. Objections to this measure may be summarized as follows:

First—Notwithstanding the able and sincere labor bestowed upon it by its author, Mr. BJORGE, the bill remains, both in principle and administrative features, a more or less uncertain and ill-digested experiment, not fully understood even by its friends, and intensely feared by the sections of the state to which it specially applies, while in application it threatens to violate the fundamental principle of taxation, that of equality, at the same time it fails to meet the constitutional requirement of uniformity in taxing the same class of subjects.

Second—It is certain that the moral, industrial and practical effect of the bill, if made a law at this time, will be to strike a severe blow at the development and prosperity of all the great mineral bearing counties of northeastern and north central Minnesota, affecting alike the agricultural, manufacturing, commercial, financial and educational growth and success, as well as the settlement of all our northern lands, both public and private, and the investment of both home and foreign capital therein.

Third—The passage of the proposed tonnage tax measure at this time, when both its provisions and the principle upon which it is based, are so little understood and indeed so generally misunderstood, has plunged the whole subject of taxation under the new state constitutional amendment into a sea of political and sectional feeling and prejudice, which not only makes a just, efficient and scientific measure impossible of enactment at this time, but threatens sectional hatreds which may disrupt and endanger the future best development of our great commonwealth, besides making the subject of just state taxation the mere football of partisan and sectional politics.

Fourth—Minnesota is achieving marked success in the assessment and taxation of iron ore lands under the present ad valorem system; so that there is no urgent and vital public need of a measure of this kind at this time, and nothing to prevent the state from taking ample time under the provisions of the new constitutional amendment, and with the aid of the state tax commission to work out a system of taxation on a thoroughly scientific, dispassionate and equitable basis, devoid of political and sectional feeling, and one that will commend itself to the people of Minnesota at large, regardless of section or party, industry or class, for its justice and equality of principle, as well as for its efficient, carefully wrought and thoroughly practical administrative features.

As regards the success of the state in securing revenue from iron ore properties under the present ad valorem system, permit me to cite you to the statistical exhibit of the state auditor on page 18 of his last biennial report. It there appears that the taxable value of iron ore properties in Minnesota has been raised from \$6,000,000 in 1898 to \$180,000,000 in 1908, or increased thirty-fold in ten years, and that the taxes levied to be paid into the state treasury

from this source increased from \$18,000 in 1898 to \$600,000 in 1908, increasing thirty-three-fold in the brief period of ten years.

If the revenue now derived from iron mines is not sufficient the state under the present system has the full power and machinery to increase the assessment to a proper and just figure, without plunging any section of the state into panic and arresting its development.

The state board of equalization and the state tax commission, under the present tax laws, have raised the value of iron ore lands from \$42,000,000 in 1905 to \$180,000,000 last year, thereby increasing the state tax levy for state purposes alone from \$114,000 four years ago to approximately \$600,000 a year at the present time, or adding nearly a half million dollars of revenue annually to the state treasury, and approximately quadrupling the iron ore valuation and taxes in the brief period of four years.

The present scientific and thorough manner of reaching iron ore valuations by the Minnesota tax commission is the subject of the admiration and congratulation of the leading tax authorities of the country. Minnesota's success in the taxation of mines is recognized as one of the most marked achievements in the progress of state taxation in recent years. The progress we have made we have the full power to continue to make under present laws and administration. Northern Minnesota is just emerging from the prolonged depression incident to the great industrial strike at the mines, followed by the presidential election and general depression of the iron and steel industry. To plunge this great section again at this time into the uncertainty and depression that are certain to follow the enactment of this bill and the almost endless litigation to which it will give rise, not only is not called for by any present public necessity, but appears suicidal to the state's progress and prosperity in this critical period of its northern development.

Northern Minnesota claims, with some show of reason, that had its counties a legislative representation based on a just population apportionment, this bill would never have passed. Fifty-five counties of this state receive more money from the state treasury than they pay into it, and it scarcely seems possible that these districts should attempt to impose upon another section of the state a system of taxation based upon an inequality. Such attitude obviously threatens the state with a condition of sectional hatred and prejudice which is ominous to the state's future peace, harmony and progress.

However patriotic and disinterested in purpose the author and a majority of the friends of this measure may be, the fact remains that the people of the northern counties in which our mineral resources are located believe as one man that their section and industry are singled out for tax discrimination and confiscation.

Taxation is not for punishment. The sovereign power of taxation is not conferred by the people upon their representatives for the purpose of punishing any industry, class or section. The foundation theory of taxation is absolute equity and justice to the humblest and mightiest alike.

In its practical operation, this bill, as it would affect the great mining corporations, would not, I believe, work out the results designed by the author. Based upon metallic standards entirely it would be of advantage to the mining companies now operating in the Vermilion and Mesaba ranges, and would work a decided disadvantage to the people possessing low-grade ores of the undeveloped properties now in the hands of thousands of settlers in Aitkin, Becker, Beltrami, Cass, Hubbard, Itasca, Morrison, Crow Wing, Otter Tail, Todd and Wadena counties. Not only would there be a discrimination in favor of the older and richer section of our mineral area, but it would place an unfair and unjust burden upon their smaller and independent competitors in the newer and less developed section, and in many instances would doubtless result in the latter being compelled to surrender their properties at a sacrifice to that corporation which dominates the steel industry of the United States.

The purpose of taxation is to raise revenue for the expenses of government, and on this theory taxes should be levied on all classes and on all sections as nearly alike as may be. There is no denial of the statement that this section now pays on valuations greater than other classes of real estate in other sections of the state, and while it may be possible and doubtless is true that modifications may be necessary, this can be accomplished, as I have already stated, full as well under the present ad valorem system, under the scientific investigations of