

Speech to B.C. Mining Explan. Group. 17 April '74, Vancouver

Leucade

Emeritus, & deservedly so.

Worthy causes. Begin to record

Speak for no one but
myself

Invented nothing

Est. is a man who has
trouble believing his books, so
he goes to work for the govt.

MASON GAFFNEY

0

Gardiner's forecast re shale. I patted him on
back for his boldness. Have to say less for his
foresight.

My record improved at Toronto. ~~vs~~ vs. Burnett
Hardin vs. "R77 crowd".

Still, take liberty of changing title, (since edit
by off)

Public Revenues from Minerals

Explorers

~~BCI like Univ. & i. have a narrow span following home, picking seeds of trouble from what have leaves behind.~~

(1.) Sad tale of my bandshop quintette. One refused to sing.

World is fickle. We all learn that sooner or later.

Now it's happening to you.

(2.) The world has extolled you: pioneers, rangers, guides.

~~It has~~

Showed its admiration in material ways — ~~showed you~~

with ^{federal} tax favors; gave you leverage over public works & services (roads, police)

made land tenure depend on success in explor

(~~as~~ where fisherman gets fish, explorer gets entire resource, tenure). Nations have seen your claimstaking as neg. to their own.

The kind of capital you produce — info re minerals —

is free of prop. tax. It accrues value quietly

until ripe, an income, but unlike money in bank, no tax

on yrlly. accrual, tax deferred until use — &

then you claim depletion of a value that accrued

w/o tax.

Different firms have required gr. services each to secure its
 own reserves, to be self-sufficient, ~~and~~ ^{"structure determines behavior"}. This is
 a structure
 of indy. that magnifies aggr. need for reserves.

Crown has sometimes cooperated by buying the secure
~~You have benefited~~
 supply equipment & letting one with tie up long reserves —
 (to amortize over 80 yrs, what cd. be done in 20)
 while Crown ~~carries~~ ^{covers} the carrying charges.

The world has loved you; &
 You have loved ~~the~~ being loved.

③ The price for all this aid & comfort is now coming
 due.

a. Some of it has not encouraged exptn — been drained
 off as pure rent. This has not added to supply —

hasn't made you work your ^{selves} ~~selves~~ out of a job —

but has made public feel horns-wagghed, and ~~not~~

resistant to further claims for ^{special} support. Esply as ~~some~~ ^{some}
 has gone to foreign owners, & as we move into pd. of rising nationalism,
 you're tamed w. the brush of foreign ~~logistics & dependencies~~ ^{entanglements}.

of a kind that benefit the foreigners more than us.

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b. Some of it has encouraged export — so much
so that ^{it looks to many people as if the} export has gotten pretty far ahead of
Life index has stretched out
dev't. ~~the~~ & smelting & refining & transp. & processing
or mfg. capacity — and ^{even} soaked up a good
chunk of the cap. that might otherwise have gone into
these downstream and associated, allied, ^{sup}complementary
~~function~~ facilities. This unbalanced dev't.

has shifted emphasis to need for more of other things.
Simul. high i have led cost of holding, huge inventory.

(4.) Same as happened to college profs. in '60s. Ph.D.
programs, far from ult. consumer.

(We are all victims of a system that stifles demand
for labor and makes us excessively dependent on a
particular job — but that's another speech.)

Like them, you're out at end of the whip — for

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from consumer — subject to great instability.

(5) So you are naturally concerned about your livelihood. So how shd. you react?

(6) One way is to ~~have~~ sell the public on your own subculture world-view, where your works are sacred and other ~~their~~ interests are profane. But this is the formula that has been used, and is losing its spell.

— can claim everyone downstream depends on you.

But that's getting tired & overworked, & is double-edged.

Downstream says you depend on them — & if they've become the bottleneck, & you're product is surplus, they'll win.

Also, ~~they~~ there's too much compen. here & its

become absurd. Every extractive indy. says it's more fundamental,
has multipliers, & they sum up to 653% of GNP.
Others play the same, too.
Auto indy. says 40% of ec. revolves around it, etc.

~~Life~~ This is a child's game, played by grown
men. Begins w. "my toys are better than yours."
Then, "everything depends on math" (or chem, physics,
biology, etc.)

Ecsts. put little stock in such claims.
Credit everyone w. ^{negl.} value-added, ^{adds to 100%} In long run,

we're better off that way. That means not only you disclaim credit for
gross product downstream, but also ~~for~~ share credit for in situ value of minerals you find, whose value
also depends on nature, army & police, roads & pipelines, city services, etc. Not like Gale (over)
— can ride the Multihuman scare,

panic people that we're running out. But that

backfires, too, as, (a) People conclude we shd. use
less, recycle more, & radically reduce dependence on

Prof. who proved value of higher edu. by citing one
of his students who went on to become Pres. of
Ford Motor Co. - chap named H.F.II.

You don't put metal in ground, or dig it out, or
refine or process it. You're one link in a chain, ~~vital~~
a vital link like the others, & that is quite enough.

stir up the anti-growth ethic, & anti-export. They will note that the more you find, the less for the next fellow to find, apparently limits of earth.
primary products; (b) Lose credibility if it's not true,

for every action there is a reaction, & capacity choke is elsewhere. (c) They conclude if res. are that scarce, they're worth a lot, & can stand more taxes.
— Can claim you offer outlet for surplus capt. — make work (over)
— can ^{org. &} go on strike? Too far from consumer.

Too big ~~is~~ an inventory already accomplished.
— can leave B.C. But it's a nice place, cf. w. Amazon, & taxes & royalties are going up everywhere.
— can plead poverty. Farmers have made a good thing out of that for decades — but they have more votes, & cultural bias going for them.
~~usual~~ reaction to ~~that~~ ^{pleading poverty} shown in H. Janetti's

~~poor~~ "Lines written ~~is~~ while meditating on ---"
— Can stir up fear of unempl., but ~~is~~ mining employs negligible numbers — capt. intensive, & just now we need capt. to generate unempl. elsewhere.

(7). Realistic, constructive response is to accept as reality the obvious changes in public attitude, get in tune w. them, & help out.

— there is a lot of growy in mining, — superprofit or rent, ~~are~~ ^{& ungt. grades in every mine,} ungt. mines, ~~but~~ their a big bottom line, after pay out all, including equity capt. existence does not deny existence of rich, rent yielding

project for unemployed dollars.

You soak up lots of capt. OK, but what
have lost it, push & pull when i.r. show up.

Keynes, obsessed w. death. "Long run, all dead." Also

forecast enthusiasm of rentier, sent us on wild search for
inv. outlets, a myth that persists long after reality left it.

Complete away, inputs away, & further away. Can
further away rest of mines by exploring too far ahead.

Not that explor. costs so much, but if wait 30 yrs,
mult. by 8 — or, at hi risk i, ^{of 14.4%} by 64.

Correct timing is of essence for mining — neither
premature nor post mature. Can make all the diff.

miners. [Rich wd. like to hide behind the regul.,
 & do a pretty good job of it, but if regul.
 miners let them get away w. it, some public
 vengeance will be visited on all]

— the gravel belongs to the Crown, &
 Crown intends to take it. That's the scrawl on the
 wall.

— mining is too isolated from rest of econ.

(8) Help out by helping divide the rent from the
~~earned~~ functional income.

Rent defined as that which can be taxed away
 w/o impairing ~~any~~ the incentive to do any useful
 thing.

Why shd. you help? @ Like all men, you

are concerned about the public interest, not primarily
admirers of it.

⑤ Self-interest dictates extracting rent in
least primitive & destructive way to keep up volume.

⑥ Here is where you share common interest w. B.C. Inst.
That is the business we're in --- mastering the
technical skills required to separate rent from functional
income.

In concept, the diff. is clear enough.

Functional income is what you get for service to
society; rent is what you get for society's service
to you.

Getting down to brass tacks, nuts & bolts,

is where the fun begins.

Needed skills are pretty well along re urban land,
 & farm land, forest. Even recreation, & ~~public~~ water,
 for supply or waste disposal. ~~It is because~~ Radio spectrum

Most refractory problem is re minerals.

Largely due to mystery surrounding activities of your
 explorers.

This has worked for you in the past, as you've
 claimed credit for your own v.a. plus v.a. by

nature, British Navy, RCMP, & Highway Dept., v.r.s.,
 ports, refineries & millhands w. lung disease.
~~& labor in refineries~~ But in a back lash it

works against you. Your interest is in

seeing the Crown levies on rent only, and
 spurs your functional income.

(10) So I'm optimistic about getting good cooperation from profs. in research work of B.C.T., as it develops. Have talked w. many of you, found you intelligent, educated, humane, courteous, & sensitive to issues.

Also optimistic about politicians.
(11) A B.C.T. is to be nonpolitical. Not absolutely, nothing is, but ~~as~~ like a University, separated or insulated by one or two layers from immediate impact of shifting tides & fortunes of politics, party discipline, and civil service discipline.

It's being created by politics, again like Universities, but w. the deliberate aim of creating an independent voice to give objective, technical advice. ~~Another analogy~~ Many politicians, believe it or not, are sensitive to the

need for getting inputs from people who are not at their beck & call, not totally dependent on their favor, who have proful. standards & pride & reputations to maintain.

Another good analogy

here is the appraisal of propty. for taxn, a function now being divorced from politics & professionalized even more than it already is.

Granting that the function is one mutually valued by the politician & the proful., it is to their mutual interest that it be performed by profuls. insulated from politics.

(12) No, being opt. about you, & about politicians, ?
 B.C. govt. & explains ^{Perhaps B.C. Inst. can help.}
 believe ~~we~~ can work things out. Nobody said it was

going to be easy, but you didn't get where you are
~~easy~~, either, by doing the easy thing.

~~Why is popular support~~

How to Δ popular support for exptn?

Avoid vert. intrn. w. multinat. firms.

As to downstream linkages — (they are 2-way, but that's ok)
nothing is so sterile as vert. intrn.

Cf. agric. there are farm towns & businesses, mktg.
Chicago partly a farm town, Bd. of Trade.

And fruit — use local sources. How silly ~~to go~~ for
B.C. growers to buy securities in N.Y. or Toronto, & then rely on
them for capt. — & lose local control.

Bcl is ~~politically~~ independent

Desirable to preserve small teams. ~~Wildcat~~

Contracting - why not with govt?

Explore first, then bid.

Club of Rome report - use Landadi's paper.

Discuss the Inst. ^{Our mascot is the Sparrow.} ~~Left out of~~ ~~from~~ Pick seeds of truth out of manure.

~~Refining & smelting capacity as bottleneck. Need to shift resources.~~

Higher prices for resource-based commodities

Free tickets for my barber's quartette

Bus. of gathering info.

You're way ~~out~~ ahead of demand - can't strike.

You've played ~~well~~ w. the ~~very~~ rich.

Every ^{& interest group} occupation develops its own values & lexicon, in which its works are sacred & others are profane. E.g. mining vs. environment.

~~Crown~~

2 new ideas are in the ascendant.

a. There's rent there - a big bottom line

b. The Crown owns it.

~~Abc~~

Problem is, can Crown get its lb. of flesh w/o spilling any blood?

Need help from you. Can ingenuity work out a way?

If so, good for you, volume of need wd. not be reduced.

I'm encouraged by talking w. many of you.
You realize you can't just be against ~~everything~~ everything.
There are better & worse ways of collecting rent.
Need yr. help in finding best way.

Explorers

Downstream benefits?

Have relied too much on this claim.

For one thing, have lots of comp.: forests, cattle, all forms of auto, teachers.

Value-added is proper more for everyone else - why not for you?

Gale Prod., cited to show value of edu., cited a student who went on to become Presid. of Ford Mo. Co.

No, for a sober evaluation, settle for v.a. You didn't put the metal in the ground. & you don't dig it or refine it.

If you can ^{panic} scare the public, - - but if succumb to this temptation, for every action there is reaction. Credibility lost is never regained.

Gordon Bell

Mining Expl. Group

Mine-Finders

Internet sites

Club of Rome, Landmark's.

Dave Brooks

Pollution, environment

Taxes, royalties

Prose

Energy constraints

Water "

Substr.

Firm or corp. in ec. thy.

Multinationals

Rent & the political process

Income taxes

Imperialism, Japanese

Speech to Mineral Explorers

Used to be, answer to all ques. was, I produ. exply. of new mtl's.
As to conserve, answer was, find more, or grab more.

Now, limits of the earth.

Finding has a cost, too, like depletion. Everything you find,
is that much less for next fellow to find.

Earnings, findings, & stealings. Which are you up to?
Conspire away, I mpute away. & futter away. Are you futtering?

"I'm jist an old prospector
cunning for rattle-snake pass

Sept 17

Mining Expln. Group

How to collect golden eggs w/o hunting goose

Rent. - hit better ones.

Not by 2-price system.

Efficiency. Not only not lower it, but enhance it.

Stop dissipating it, e.g. by open access, rule of capture

~~Timing~~ Timing right

Avoid premature & postmature expln. & prodn.

Looks to me now as tho we have both.

premature expln. & then postmature use. These offset each other, but leave too great a lag, too great an inventory.

Expln.

Bias toward premature.

- Capture
- Tax aids
- Slow use of inventions already found
- Vert. intn.
- Etc.

Biases toward postmature expln:

- Low carrying costs
- Large tracts tied up by strong brands
- Env. controls?
- Forest Service holding back?
- Etc.

Procter.

Biases toward premature

- Expect higher taxes
- Once discovered, might as well use
- Extending lines prematurely.

Biases toward postmature

- Low carrying costs
- Murphy
- Cantel
- Promotes

Get govt. to cover carrying costs, by
 pr. indiv. tying up public land. Then he gets gains,
 & govt. bears costs

- Oversized grants or leases given to
 amortize mills.

Explorers

The world loves you

But maybe too much.

you've let them.

They've subsidized you. You've loved it. So
life index stretched out. & one day folks in politics said
who needs them? Politics is like that - funds come & go.

Like edn. Ph D program. Advance scouting, research,
pushing back frontiers, etc.

To avoid future swings, get nearer consumers, & further
from politicians & bankers, & speculation. who are constant
who love you &
leave you.