Henry George Newsletter

High School Edition **Issue 11, Autumn 1991**

FROM CONFEDERATION TO FEDERATION
Latest Unit in the Land and Freedom Series

This year, The *Land and Freedom* Series goes deeper into its exploration of the influence of land in American History with a new five-lesson unit on the development of the United States Constitution. The new unit is designed to expand and supplement the existing twenty-lesson American History Series. The lessons contain readings, student activities and illustrations (there's even a crossword puzzle!) They provide a fresh perspective on a vitally important period in the development of the United States, delving into economic factors that most history texts treat slightly, if at all. The five lessons are:

1. *The Economy During the Articles of Confederation* summarizes the many economic hardships faced by the new nation during the years following the Revolutionary War, and the government's ineffectiveness, under the Articles, in dealing with them.
2. *Shays's Rebellion* details the inequities faced by small property owners, which helped to establish the need for a strong central government.
3. *The Land Ordinances of 1785* describes how the United States established a pattern for future development in the territories -- a precedent which would influence policy toward territorial expansion for the next century.
4. *The Economic Interests of the Founding Fathers* explores the influence of property and business interests on the formulation of the U.S. Constitution.
5. *The Northwest Ordinances of 1787* deals further with the new nation's methods of expanding, explaining the laws concerning the transition from territory to statehood.

This series is available now, and is, like all the materials in the *Land and Freedom* High School Series, provided free of charge, as a public service. If you would like to receive a copy, please fill out the form on page three and return it to us.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

The EPA's accomplishments over the last decade are illustrated in a 140-page booklet entitled *Environmental Progress and Challenges: EPA's Update.* They also publish an "environmental backgrounder" series on such topics as *Earth Trek", acid rain, America's Wetlands,* and *Explore Your Environment.*

To obtain these materials, you may write to: EPA Headquarters, 401 M St. SW, Washington DC 20460 (Tel: 202 - 382 - 4454).

THE GREAT TERRAIN ROBBERY

The General Mining Law of 1872 regulates the mining of hard rock minerals, such as gold and silver, on federal lands. The law has not been changed since then -- and some feel that the government is being ripped off by mining companies.

This article can be used with two *Land and Freedom* American History lessons: #14 *(Homestead Act)* and #20 *(Land -- Our National Heritage).*

BREAKING UP THE KOLKHOZ

Soviet life is undergoing many radical changes -- but the Soviet way of making a living is entrenched, and changes do not come without some resentment. Although collective farms, established in the days of Joseph Stalin, are collapsing, the road to private ownership of land is long and tortuous.

This article can be used to supplement Land and Freedom World History lesson #9 *(Emancipation of the Serfs)* or #12 *(The Soviet Five-Year Plans).*

JAPAN INFORMATION SERVICE

The Consulate General of Japan offers an extensive list of attractive materials to educators. Ten-page booklets called *Facts About Japan* explore such areas as Japan's Constitution, educational system, government, religions, festivals, geography, and entertainment. A *Current Economic Outlook* booklet is published, as well as an *Economic Policy Series.* This series explores the economic relationships between Japan and the United States. *The Diplomatic Bluebook,* almost the size of a textbook, details Japan's diplomatic activities. A two-volume brochure called *The Modernization of Japanese Education* is particularly interesting in the light of educational changes in this country.

For their package, write to The Consulate General of Japan, Water Tower Place, Suite 950E, 845 North Michigan Avenue, Chicago IL 60611.

Henry George School
121 East 30th Street
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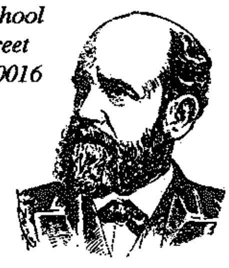

The Great Terrain Robbery

By John Lancaster
Washington Post Staff Writer

BATTLE MOUNTAIN, Nev.—As Atlas Corp. goes to work this summer in the federally owned Roberts Mountains of central Nevada, the landscape is changing forever.

In pursuit of up to $100 million in gold believed to lie under the picturesque wilderness and recreation area, the Denver-based mining company has begun to dig three giant pits up to 500 feet deep and a quarter-mile wide. Among other things, the project will destroy several square miles of pinyon-juniper forest and sagebrush, reduce the deer population by one-third and threaten a trout stream with silt, according to federal land managers.

And there is little anyone can do to stop it.

Under the 118-year-old law that governs the mining of so-called hard-rock minerals—gold, silver, copper and many other substances—anyone who finds a valuable deposit on federal lands is generally allowed to take it.

Atlas does not have to pay the government for the gold it extracts from the Roberts Mountains, perform a formal environmental impact study or restore the land to its original condition when it is done, even though the mine will be situated within sight of a proposed federal wilderness area.

Indeed, should the company ever want to, it can acquire full ownership of the 1,500-acre site at a cost of $5 an acre. The statutory fee of either $5 or $2.50 an acre, depending on the type of claim, has not changed since President Ulysses S. Grant signed the mining law in 1872.

The last of frontier-era legislation aimed at encouraging the settlement of the West, the General Mining Law of 1872 has played a vital role in the development of minerals essential to a modern industrial nation. But it also has contributed to a staggering environmental toll, an ugly legacy of poisoned streams, abandoned waste dumps and maimed landscapes.

That legacy is under increased scrutiny on Capitol Hill, where conservationists and their congressional allies have revived a decades-old struggle with the mining industry over proposals to scrap the law. Leading the charge are two Democrats, Sen. Dale Bumpers of Arkansas and Rep. Nick Joe Rahall II of West Virginia, who have introduced bills aimed at strengthening the government's regulatory hand and—in Bumpers's case—collecting royalties for the U.S. Treasury on minerals culled from public lands.

On the other side are western conservatives, led by Republican Sen. James A. McClure of Idaho, who contend that imposing new costs on the high-risk, capital-intensive mining industry will drive it into extinction.

The industry's cause was not helped by the General Accounting Office, which reported recently that the law has been used to acquire public lands for ski condominiums and vacation houses. In 1983, according to the GAO, one entrepreneur obtained 160 acres near the Keystone, Colo., ski resort for $400, ostensibly for a gold mine; 44 acres of the same property later were placed on the market for $484,000.

The GAO also found that the law has figured prominently in phony gold-mining schemes that have bilked investors out of $250 million in recent years. "Many scams follow a similar format," the report found. "The operator is able to show investors that claims have already been staked on federal land—ostensibly for the purpose of mining a valuable mineral. The problem is that either the ore is never mined or the material mined is not valuable."

"When you get right down to it, the basic principle [of the law] is that mining is the dominant use of the public lands," says David Alberswerth, public lands director for the National Wildlife Federation. "That is an anachronism. Mining is not always the highest and best use of of the land. . . . [But] right now, there's really not any authority to say no."

Conceived in an era of pick-and-shovel prospecting, the mining law now governs massive industrial enterprises capable of remaking thousands of acres. Many of them, ironically, involve foreign partners or owners, Canadian and British firms that each year earn millions stripping royalty-free minerals from public lands in the United States.

In that and many other respects, the law is unique among those that govern natural resources on federal lands.

The U.S. Forest Service, for example, sells federal timber to the highest bidder after agency planners decide which areas are suitable for cutting. In the case of fuel minerals such as coal, oil and gas, the government decides where to allow energy development, puts the tracts out to bid and collects royalties on the result. And, unlike hard-rock miners, coal companies are required to restore damaged public lands to "approximate original contours."

But hard-rock mining spokesmen reject suggestions that their industry is getting a free ride. Unlike trees or even coal, which is found in distinct seams, hard-rock minerals tend to be difficult to locate and costly to recover. "It's not wealth if nobody does anything with it," says Leendert Krol, director of community relations for Newmont Gold Co. "It only becomes wealth if people put a lot of money into it."

Industry officials also contend that despite the law's guiding principle of "free access," the government still wields considerable authority over how miners conduct themselves on public lands. The creation of national parks and wilderness areas has closed millions of acres to mining; elsewhere, mining theoretically must comply with a host of federal and state environmental laws governing such 20th century issues as clean water and endangered species.

"It's already regulated," Krol says. "We're overregulated."

But revelations such as those contained in the GAO report have made the mining industry's task more difficult. While the report was roundly damned by mining supporters as exaggerated and politically motivated—"garbage," McClure called it last year—it nonetheless focused attention on what many critics consider the law's most glaring deficiency: the right to "patent" mineralized lands for $2.50 or $5 an acre.

The report found that since 1978, about 157,000 acres of public lands "have passed into private ownership for the nominal patenting fee provided for in the mining law."

Among the more recent examples is the acquisition last year by a family sand-mining business of 780 acres in the Oregon Dunes National Recreation Area. Similarly, a New Mexico mining company has applied to acquire 1,700 acres of federal forest on a ridge above the east fork of the Jemez River, which Congress recently designated a "wild and scenic river." The company mines pumice, an abrasive, volcanic ash used to make stone-washed bluejeans.

MINING THE FEDERAL HILLS

The General Mining Law of 1872 regulates the mining of hard-rock minerals—gold, silver, copper, lead and many other substances—on federal lands. Its basic principles have remained essentially unchanged since it was signed by President Ulysses S. Grant.

The law allows individuals and corporations to look for minerals on federal lands and to stake claims on their discoveries. To maintain each 20-acre claim, miners are required to spend $100 a year "developing" their sites—just as in 1872.

If a miner can prove that a deposit can be economically recovered, the law allows the claim to be "patented"—a process that leads to full ownership. Depending on the type of claim, the fee for acquiring federal lands is $2.50 or $5 an acre, an amount that also has not changed since 1872.

DENVER PUBLIC LIBRARY

The mining industry contends that the law's guiding principle of "free access" to federal lands is essential to the development of hard-rock minerals. Environmentalists, who object to the law because it favors mining over all other uses of public lands, want mining barred in sensitive areas, as well as the establishment of a royalty system to compensate taxpayers.

Congress has often placed public lands off limits to mining. According to the General Accounting Office, legislation has withdrawn about 135 million of the 727 million acres of federal lands for such uses as wilderness areas and national parks. About 1.2 million claims covering 35 million acres are held by 160,000 corporations and individuals, according to the Congressional Research Service. About 3.5 million acres have been patented and transferred to private owners.

"When that peters out, [the company] will probably try to level it and sell it for five-acre ranchettes," says Barry Bailey, mining operations manager for the New Mexico Natural Resources Department. "And he'll be able to do it. Once it's patented, it's your baby."

Although miners generally are required to prove the presence of minerals before they take possession of public lands, exceptions abound. In tiny Questa, N.M., for example, Molycorp Inc. has staked a claim to 1,230 acres of federal forest—for a waste dump. The huge tailings pond would be situated on unspoiled Guadalupe Mountain a few miles from the Rio Grande, also a wild and scenic river.

Born of the same pro-development spirit as the Homestead Act, which gave free land to western settlers, the mining law has remained essentially intact despite numerous modifications over the last century. At its core is a simple principle: finders keepers. To maintain a 20-acre claim on public lands, mining companies and prospectors need only spend $100 per year "developing" their sites, a stipulation that has not changed since 1872.

Nowhere are the law's effects more pronounced than in Nevada, "the silver state," where 87 percent of the land is in federal hands. Propelled by a leap of technology that makes it profitable to mine low-grade ore, dozens of mining companies have descended on the state in the 20th century equivalent of the California Gold Rush.

Today the evidence of the boom pervades such places as Battle Mountain, a dusty refueling stop on Interstate 80 in the high arid plains of northern Nevada. The sage-covered landscape is dotted with white plastic pipes, mining claim markers so common they are known as the Nevada state tree.

In what conservationists are calling "the great terrain robbery," mining companies in Nevada last year produced an estimated 5 million ounces of gold valued at about $1.75 billion, the vast majority of it from federal lands, according to the Nevada Department of Minerals. State officials estimate total Nevada gold reserves at about 70 million ounces, or $25 billion at current prices.

One of the largest beneficiaries is a Canadian firm, Echo Bay Mines Ltd. Last year, according to the firm's annual report, Echo Bay's McCoy/Cove mine near Battle Mountain produced a record 214,566 ounces of gold, worth about $75 million.

"The figure that we use is over the next five years the government will give away $10 billion worth of gold in Nevada alone, for free," says Philip M. Hocker, president of the Washington-based Mineral Policy Center. "We're basically subsidizing the destruction of a vast area."

Study Questions:

1. What is the General Mining Law of 1872?
2. Why is it being questioned today?
3. What did the General Accounting Office (GAO) recently report about this act?
4. Why is this law unique among those governing natural resources on federal land?
5. What is meant by "the great terrain robbery?
6. What are the pros and cons of the law? Do you think changes should be made to it? Explain.

Land and Freedom - Fall 1991

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Breaking Up the Kolkhoz Is Hard to Do

Going private may be legal, but collective farmers who try have a tough row to hoe.

By Michael Dobbs
Washington Post Foreign Service

SHAGOT, U.S.S.R.—The Harmonious Shoots collective farm, founded here six decades ago at the height of Joseph Stalin's campaign to build a socialist form of agriculture, collapsed under its own bureaucratic weight last January when 33-year-old Valentin Novikov announced he wanted out.

Novikov was quickly joined by 14 other farm workers fed up with the socialist experiment and determined to prove that private agriculture is the wave of the future. The defectors acted under a new law allowing members of a collective farm to leave it and take their share of common property with them.

The farmers' revolt in Shagot—coming at a time when people of the nearby city of Yaroslavl must stand in line for basic food products—is an example of a process that Soviet reformers hope will spread quickly and help the country solve its deepening food crisis.

In fact, the way now may be open here for a historic reversal of one of the most fundamental tenets of Marxist doctrine—the collective ownership of land—but huge obstacles remain before the privatization law is fully implemented, as the defectors are rapidly discovering.

"You have to remember that people have gotten used to working together," says Andrei Yevtushenko, head of the district council in the local town of Danilov. "It's easier to work in a team of 200 people. The mistakes and inadequacies of one person are covered up by his fellow workers. If the best, hardest working people leave the kolkhoz, then the others obviously feel threatened."

Most people around here, from Communist Party bureaucrats to ordinary kolkhozniks, are prepared to concede that the collective farm system has failed. But many fear that disbanding the kolkhozes and encouraging kolkhozniks to form their own farms will prove much more difficult than the reverse process of 60 years ago. Or, as the Russian saying goes: "You can turn an aquarium into fish soup, but you can't turn fish soup into an aquarium."

"Of course, someone is going to work better on his own plot; even a child can understand that," says Vladimir Melnikov, a regional agricultural official in Yaroslavl. "Unfortunately, enthusiasm alone is not going to be enough. Private farmers also need technical equipment, markets, roads. Right now, this infrastructure simply doesn't exist. To break up the collective farms under these conditions would be disastrous."

Before the Bolshevik Revolution of 1917, this area was relatively prosperous. Grain was shipped down the Volga, the mother of Russian rivers, for export to Western Europe.

Attempts were made to collectivize agriculture in the Yaroslavl region immediately after the revolution, but these were fiercely resisted. After Stalin consolidated his power in 1928, the collectivization drive was relaunched with a vengeance. Millions of kulaks, or prosperous peasants, were forced to donate their property to the kolkhozes. Those who resisted were deported to Siberia or taxed so heavily that they died of hunger. "The kulaks have been eliminated as a class," Stalin boasted.

The long-term results of this policy are visible today in the shape of the abandoned villages, derelict farms and empty shops of Yaroslavl province. What was once a food-exporting region, specializing in dairy produce, is no longer able to feed itself. The rationing system now covers such staple food items as meat, flour, sugar and eggs. Over the past few months, even milk and butter have disappeared from the shelves.

The most immediate problem faced by the Harmonious Shoots defectors is the lack of decent roads. When a reporter tried to visit the kolkhoz recently, the single unpaved road leading to the farm had been washed away by a spring thunderstorm.

On this particular occasion, the transportation problem was resolved in true Communist tradition. "See. Our command-administrative system is still good for something," says Yevtushenko, using his authority as regional administrator to commandeer a heavy truck from a local construction company for the 17-mile ride to Shagot from Danilov.

When Novikov and his friends first broached the idea of setting up their own farm, they asked for land near their homes. But this provoked a storm of protest from the remaining kolkhozniks, and a commission was appointed to mediate. After two months of squabbling and at least a half-dozen proposals and counterproposals, a meeting of the entire kolkhoz was called for March 16.

"Suddenly, the hall became unusually quiet," recalls local journalist Mikhail Ovcharov, describing the scene in an article for the Soviet government newspaper Izvestia. "For the entire lives of the people gathered in the room, everything around them had been collective property. In other words, nobody's property. It had been a matter of complete indifference to them whether it was given to a neighboring farm, allocated to city dwellers for country villas or turned over to thistles. Now, for the first time, they felt a sense of ownership, or at least potential ownership. If the defectors were getting this share, they were thinking, then what share will I get?"

Dividing the land among the 280 kolkhoz members, the adjudication commission decided that each farmer had a right to 13 acres. The 15 defectors were allocated a plot of land five miles from the nearest road. They also received a grain harvester, a car, 29 cows, some sheep and a loan from the local bank of 110,000 rubles—the equivalent of their combined yearly salaries.

"The kolhoz is crumbling," exults Alexei Assonov, a farm mechanic. "Now we will be able to grow what we want. At last, we are independent."

Study Questions

1. What is Kolkhoz?
2. What are members of a collective farm allowed to do under a new law?
3. What are some of the problems that have been encountered in breaking up the Kolkhoz?
4. What have been some long-term effects of Stalin's policy of collectivization?
5. Why are "defectors" still dependent on the Kolkhoz?

Henry George School of Social Science
121 East 30th Street
New York, NY 10016

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