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Editors' Note

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The subject of the taxation of nonrenewable resources has received considerable attention over the past few years. So, one may legitimately ask, why another set of papers investigating these issues? We feel that there are several reasons for this endeavor. While the body of literature relating to the mine and the effects of taxation is relatively well developed, models which account for important decision variables such as ore cut-off grade, the technology of extraction, and exploration and development decisions, bear further examination as do the more arcane effects of the prevailing tax structure (the contribution of Conrad applies here). Perhaps more important, few empirical applications of these theories exist. Theoretical hypotheses require verification, and the contributions of Shelton and Vogt, and Church are examples. However, far more work needs to be accomplished before academicians and policy makers have a good feel for the quantitative short and long run effects of taxation and the policy options which are available.

A second void exists in what may be entitled the political economy of resource taxation. Tax policy is made in the real world, and is the result of interaction among the affected parties, which takes place in the political environment. It is important to know what is happening in national and subnational legislatures, the courts, and in tax administration and regulation. Of course no single symposium can exhaust this open-ended area. However, the policy-oriented contributions of Smith and Redhorse, Gulley, Gillis, DuMars, and Ragsdale each contain information on a specific topic ranging from Indian and state sovereignty to international comparisons of tax policy.

An evolving policy issue to which all the papers pertain in varying degrees is how taxes affect the functional and regional distribution of income. A recurring concept reinforced by OPEC and historic examples of "mother lode" bonanzas is that enormous economic rents are associated with natural resource discovery and extraction. Although this is more often than not the case (the evidence is easily determined by analyzing the rate of return and cyclical behavior of common stock in natural resource firms compared to other sectors), the examples of great profits are conspicuous. Furthermore, true economic rent is an ideal tax base if the generally accepted goal of tax neutrality is adhered to, because socializing economic rents entails no shift in resource allocation and, consequently, no "excess burden" of taxation or tax induced distortions.

However, most natural resource based incomes are not economic rent; yet, the perception is there *and* for most jurisdictions a significant share of natural resource taxes is exported either to consumers, when the jurisdiction possesses market power, or to non-resident owners of resources and extractive firms. There is, then, an incentive to tax these readily identifiable and relatively immobile resources. The popular media and certain politicians have discussed the evolution of regional economic conflict among resource rich and resource consuming states. Before the true extent of income shifts and the resource distortions which may accompany them can be known, additional research and information exchanges need to be carried out. We believe this symposium issue makes an incremental contribution to the understanding of the causes and effects of natural resources tax policy.

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