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**Taxing Labor: Tax Incentives and Economic Development Policy in the post-World War II Lake Superior Iron Mining District**

While conservative hostility to trade unionism has taken many forms over the past half century, some of the most effective and subtle anti-labor measures have emerged from the seemingly neutral terrain of tax law and economic development policy. Using a case study from Minnesota’s iron mining tax laws, this paper argues that targeted corporate tax incentives and state, regional, and local economic development policies were important sites for diminishing labor’s power and turning state and local governments toward a pro-business agenda in the mid-twentieth century. Within the context of long-term industrial decline and diminishing natural resources, such policies simultaneously promised job retention and overcame many workers’ earlier antagonism to the multinational mining corporations. By the mid-twentieth century, tax incentives and economic development brought labor and capital together under the banner of growth.

Although the use of tax policy and economic development to undermine labor was (and is) a story of international proportions, I focus on one illustrative example to highlight the subtlety and complexity of this transformation. Specifically, I describe an incident from the early 1960s when corporate mining taxation laws were rewritten in Minnesota, culminating in a so-called taconite amendment in the Minnesota Constitution. The iron mining region of northeast Minnesota’s Iron Range offers a uniquely valuable site for exploring the history of taxation and its role in labor conflict. Populated by ethnic Europeans in the late nineteenth and early twentieth centuries, workers on the Range created vibrant ethnic communities and engaged in violent workplace activism, including a famous 1916 strike involving the IWW. Alongside this traditional working class activism, communities on the Iron Range used local tax codes as a “weapon” against the multinational mining corporations. Led by populist mayors, Iron Range towns raised corporate taxes during the early twentieth century and used the proceeds to build lavish public buildings and fund large public works programs. Thus, the strong support for tax cuts for mining firms in the 1960s is a particularly striking reversal that reveals how a combination of industrial decline and tax policy worked to undermine older forms of labor radicalism in the postwar era. More importantly, the 1960s tax laws split rank-and-file union members—who generally supported the tax cuts in the name of economic growth—from union leadership and liberal politicians, who were criticized for opposing the laws on purely “theoretical” grounds. Today, much of the Iron Range falls under a controversial state program that eliminates property taxes for companies that build or expand in economically distressed regions. Clearly, the use of state and local tax policy to support a pro-business agenda remains an issue for the present and future.

Research into tax policy and economic development engages with the rich existing scholarship on deindustrialization and industrial decline in the twentieth century. However, the focus on taxation and development also suggests that state and municipal governments deserve renewed attention from historians concerned with labor, working class studies, and political economy. Local politicians coordinated tax and policy debates that profoundly affected labor and business throughout the twentieth century. Although many local governments have catered to corporate desires in recent decades, the history of the Iron Range shows that this was not always the case. Explaining the timing and reasoning for this shift has implications for historical scholarship and future policy debates. This paper draws on a large archival body of sources in state and local government archives, union records, and news sources to describe the connections between tax policy, economic development, and labor.