

LARGE PROFITS IN SMELTING

Great Guggenheim Fortunes Founded on an Invest- ment of \$5,000.

As dividend payers mines and smelters are rivals for the first place among the great industries of the country. In no other form of production is capital assured of such large and certain profits as it is when mining and smelting are combined under one management.

Proof of the earning capacity of mines and smelters is afforded by the huge fortunes that have been created out of their profits. Among the wealthiest men in America today are the large stockholders in the American Smelting & Refining company. Less than twenty-five years ago these men were comparatively poor and the wealth which they now possess did not exist. The story of their rapid rise to affluence and power is a part of the industrial and financial history of this country.

Five thousand dollars was the foundation of the fortune amounting to scores of millions now placed to the credit of the members of the Guggenheim family. In the early days of Leadville the A. Y. and Minnie mines were sold to Guggenheim and Graham for \$5,000. These mines have paid large dividends, and the early profits were enough to furnish the capital to enable the owners to start in the smelting business. They built a smelter at Pueblo, Colorado, and later, from time to time, as warranted by increased supplies of ore, they added largely to its capacity until it was many times its original size. The profits of the business were the sources of the capital by which it grew. They built other smelters at suitable places in this country, British America and Mexico, and they also bought many of the most productive mines in the three countries. In consolidating with the Smelter trust, the American Smelting & Refining company, they reserved most of their mining interests, but through their smelter holdings became a controlling factor in one of the greatest of modern industrial combinations.

The other great branch of the smelting industry, before the formation of the present merger also had its origin in Leadville. It was built up by James B. Grant and his associates. Mr. Grant, afterwards governor of Colorado, went to Leadville as an assayer. He had no fortune. The money to pay for his technical education had been supplied by an uncle. His earnings as an assayer and ore buyer formed the capital with which he started. His associates were Edward Eddy and William H. James, ore buyers for the smelter then at Golden, and other smelting works. They were also at that time comparatively poor men. The ore buying business in which these men engaged as partners developed naturally into a business for treating and marketing the product they were handling. They built a smelter at Leadville and later others, one in Denver and one in Durango, Colorado, and one in Omaha. As pre-

viously stated, the interests of Governor Grant and his associates and those of the Guggenheims constitute the greater part of the huge smelting industry of this continent, and the Guggenheims are the owners also of many of the most valuable of American and Mexican mines. The original cash investment out of which this great aggregation of wealth has grown was the \$5,000 which was paid for the A. Y. and Minnie mines.

Another proof of the great profits of smelting is the fact that the smelter trust is paying dividends upon a capitalization enormously in excess of the cost of its properties. A large part of its capitalization is water. The other part is based upon the absurdly high prices it paid for many of the plants which it purchased. In one instance exactly ten times the price for which one smelting plant had previously been offered to the Guggenheims was paid for it by the trust. In another instance millions were paid for a plant that was obsolete and has since been dismantled. If the profits of the trust were figured on the basis of the actual cost of its property, the showing would be a revelation.

Owing to the facilities for transportation and the greatly improved metallurgical methods, the independent smelters now entering the field have advantages and opportunities for profit which the men who founded the smelting trust did not have. The field is more extensive, the bodies of ore which have been developed and can be profitably treated are enormously greater, and investments have the security afforded by known and settled conditions.—Western Miner and Financier.

TO PLACE EASTERNERS ON BAKER COUNTY FARMS

C. S. Van Duyn and C. L. Stickney, well known timbermen, have formed a copartnership to represent the Mutual Realty company, of Seattle, in the matter of handling real estate in the Sumpter valley and other Baker county localities.

The Seattle firm is said to have a large eastern clientele and it is the purpose of the local representatives to secure options on farms, with a view to placing prospective settlers on them.

Left for Portland.

F. M. Root, who has had charge of the Golconda power house, left this afternoon for Portland, probably to return when the repair work and improvements are completed at the mine. His wife left for Nevada to visit her parents during the time.

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UNCERTAINTY IN THE LIFE OF A MINE

End of a Successful Mine is a Melancholy Event.

Old mines sometimes "play out" and sometimes only "make believe". But whether the seeming exhaustion is real or only apparent, the spectacle always carries with it a certain touch of pathos that the tragic muse might well brood over. The melancholy days of a big mining enterprise, when they come after a long season of fruitfulness, are worthy of poetic threnodies.

"The life of a mine," as a subject for language, however, has not received so much attention from the poets as it has from the practical minds of mining engineers and financiers. It is one of which sooner or later presents itself to every mine manager. Mines which live their lives well and exhaust their full capacity in the interests of humanity are to be remembered with feelings of respect. Those which die young or before their due, leaving the full measure of their possibilities unrealized are to be remembered with feelings of regret. When they are murdered by incompetency, the sentiment is mixed with a desire to condemn the murderer without show of mercy.

The case of the Bald Butte Mining company, of Helena, Montana, is an interesting example of a successful enterprise. "Successful" is the word because it is impossible for anyone to say whether it could or could not have been more successful than the event proved, and success is a relative term. Capitalized at \$250,000 in 1890, this company has within a period of fourteen years paid dividends of \$1,337,148, or more than five times the par value of the investment. The Record does not possess the information to show what the original price of the stock was. Besides, the company still owns its property and mill, is free of debt and has a small cash reserve. In 1903 it failed to earn a net profit and there is a suspicion that the mine is pinching out, thought the retiring manager deprecates such a belief.

Five hundred and forty per cent upon the par value of the capital stock represents the net earnings of this property in fourteen years. After returning the original principal, the annual profit upon the investment has exceeded 30 per cent, and the company still owns the property, which may revive and continue to earn for its owners. What more can be asked of such a mine? Perhaps it should be permitted to lay down its burden and rest in peace, that its owners may show their reverence for the prime ordinance of nature, that all things must pass away. The company cannot be censured for making a final disbursement out of its surplus as an acknowledgment that it does not see any further future for it. This is a matter of judgment, for which a successful company need give no accounting to the public. The only question is whether the life of a company should end with the life of its mine.

Perhaps, however, the Bald Butte

may again surprise the spectators and rise up to make a new record. It would not be the first time such a thing had happened. The engineers have been conducting funerals over Stratton's Inedpendence for several years.—Daily Mining Record.

Snow Creek Placers.

Late Farmer came in this afternoon from the California Gulch placers owned by the Snow Creek company, where he has charge of the work. A flume is being constructed, and preparations speedily completed.

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