

RAPID GROWTH IN SECURITIES

The most conspicuous fact in the financial development of the past quarter of a century has been the growth of the "trusteeship of wealth," through the creation of stocks and bonds. This process is still going on. In the past four years there has been nearly 27,000 incorporations in New York, New Jersey, Delaware and Maine, and in one year in New York alone the incorporations involved a capitalization of over \$700,000,000.

Now the conversion of all forms of business into stock companies and the wholesale creation of new securities are facts of stupendous importance, but it is very easy indeed to put a false construction upon them.

In 1868 it was estimated that the par value of the stocks and bonds listed in the New York stock exchange amounted to \$3,000,000,000. Today the total is over \$18,000,000,000. Comparing 1904 with 1868, there has been an increase in stock exchange securities of 500 per cent. In the same time the deposits in all banks of the United States have increased about 400 per cent, the population 110 per cent, the wealth 233 per cent, money in circulation 248 per cent, and the inland trade of the country 210 per cent, bank clearings in New York 140 per cent, and foreign commerce 260 per cent. It will be observed how much greater has been the growth of stock exchange securities than the money, the deposits, the wealth, the commerce, the growth of population of the country.

Now, this gives some idea of the extraordinary conversion of all forms of business into corporations. Business by individuals and partnerships is rapidly disappearing. Business by companies is taking its place. The ownership of these companies is represented by stocks and bonds. This condition gives rise to many new problems, many of them very serious. It has given rise to many evils, with some of which the country is now grappling. Wealth is widely diffused, but the control of wealth is, through the management of corporations, railway and industrial and banking, concentrating into a comparatively small number.

One of the evils connected with this development has been the evil of over capitalization and the marketing of securities at inflated prices. But all such changes as this involve problems and result in evils. It does not follow, however, that because the output of securities has grown more rapidly than the increase in money that there is anything alarming or fundamentally defective in any such condition. Moreover, most of the evils which have developed from this change are already in a fair way to adjustment, and the proposal to put the great corporations under a system of government publicity and supervision will amply secure the people. Meanwhile, an attempt to frighten the investors of the country by a lot of statistics on which a false construction is put will fail.

It will fail for the reason that securities are mainly held by people who know the absurdity of the figures put out to scare them, and for the reason that they also know the character and purpose of those who make the figures. —Wall Street Journal.

SILVER MAINLY A BY-PRODUCT

Silver was first discovered in Colorado in the year 1864, on McClellan mountain, Clear Creek county. Much prospecting and considerable development work was prosecuted in and around Georgetown in 1865-1866. The territory at that time possessed no means of treating silver ores. A few attempts were made to reduce the ores by crude smelting furnaces. In 1868 chloridizing and amalgamation mills were erected and improvements were attempted in the smelters. Nothing very satisfactory was accomplished until the erection of the Argo works near Black Hawk in the early 'seventies, by the late Senator N. P. Hill. The total production of silver from the Colorado mines prior to 1870 was not more than \$1,000,000, including the silver alloyed with the quartz and placer gold. It is stated that Messrs. Garrett and Martine produced the first silver brick made in Colorado. From 1873 to 1894 the commercial value of the silver produced by Colorado exceeded the value of the gold output.

The cost of producing silver per ounce in the United States at the present time is almost impossible of statement. Practically all of the silver mined today is, in the language of one of the largest operators in the state of Colorado, a by-product. Even in 1887 less than one-half of the silver produced in the United States was produced by mines classifiable as silver mines. In that year the director of the mint addressed enquiries for outputs and costs of production. The replies elicited the facts that 17,655,387 ounces were produced by silver mines out of a total production of 41,260,000 ounces, showing that less than 43 per cent was produced by silver mines. The cost of production at 155 silver mines was 52.4 cents an ounce. Three years later, 1890, private enquiries brought out the fact that less than one-third of the total output was produced by silver mines proper. Today we question if there are a dozen important mines which could keep running from the revenues derived from the silver contained in the ores.

We have become so used to the enormous output of silver from the mines of the United States that we are prone to forget that the industry is of very modern origin. For example, in 1857 the output of silver from all the silver mines of the United States amounted to the insignificant sum of \$50,000. Even in 1860, the year after the discovery of the Comstock, the output was only \$150,000. But thereafter, the output went up by leaps and bounds, culminating in an output of \$82,101,000 (coinage value) in 1892. Another surprise to many people will be the present enormous output of silver. We are apt to think of the years 1880-1885 as the era of great silver production and prosperity, and of the present time as a period in which silver mining is of little importance. As a matter of fact, the number of ounces of silver produced in 1903 was nearly twice as great as in the year of 1880. The value of the metal per ounce was, of course, very different; yet the commercial values of the outputs were about the same. Popular ideas on mining subjects are worth very little. —Mining Review.

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