

MINES AND MINING COMPANIES.

TO THE EDITOR OF THE ECONOMIST.

SIR,

As an attentive and regular peruser of your paper, I have looked with some anxiety for your opinions on the subject of the companies now in process of formation, or already associated, for the working of the mines on the borders of Lake Superior. The importance of fully developing the resources of this country, I am aware, has ever been insisted on in your pages, and every undertaking calculated to effect this object has received your support; it has therefore struck with surprise, not only myself, but others, that the meeting of the Montreal Mining Company held on the 16th ultimo, should have received merely the passing notice which you gave it in your summary of Local Intelligence. That meeting, together with the discussions to which it has given rise in the public journals, has been the means of bringing out certain facts, so vitally interesting to the future welfare of Canada, as to render apology unnecessary on the part of any persons who may comment on them.

I beg in the outset to state distinctly, that I am neither connected, nor in any way interested, in any of the companies established, or about to be established. They have, however, my best wishes for their success in extracting the mineral treasures which they seek. I sincerely hope that their most sanguine expectations may be realized, and that they may reap a rich reward for the labour and capital which they may employ. Any remarks therefore which may fall from my pen tending to impugn the conduct of the Government in their arrangements with the companies, or any observations on the organization or management of the companies themselves, I trust will not be considered as dictated by a spirit of hostility either to them or to the enterprise in which they purpose to embark. It would be unworthy of any colonist to entertain such feelings, and as foolish as unworthy, since in a country where capital is so scarce, there is hardly an individual who does not suffer when it is, to any considerable extent, unprofitably or injudiciously directed. It is this consideration which renders it a duty to watch narrowly the progress of every public enterprise of magnitude which may chance to have a tendency to divert the capital at present employed in the commerce of the country, to other channels.

The first point which strikes any one speculating on the consequences of the formation of the mining companies just bursting into existence, is the amount of capital which they will require to give them a thoroughly efficient character. Government, the public are aware, have already issued a large number of licenses to individuals, each license authorizing the holder, either now or any time within two years, to purchase the location of ten square miles at the rate of 4s. per acre, payable one fifth down, and the remainder in five yearly payments, with interest.

Now of these license holders, eighteen form the Montreal Mining Company, whose stock consists of 50,000 shares, at I believe five dollars each share, making a capital stock of £62,500. Within the last few days, the Canada Company, whose stock also I believe consists of 50,000 shares, has, it is said, formed a junction with the Montreal Mining Company, and their joint capital when paid up will amount to £125,000.

The number of shares of the Quebec Company has not, that I am aware, been published, but presuming the capital stock to be also £62,500, and adding a number of small companies said to be in embryo, it seems not unlikely that there will, at least, be a quarter of a million of the capital of the country subscribed for mining operations. No data have been published by which to ascertain the actual extent of ground as yet appropriated to the various applicants, but enough transpired at the meeting of the Montreal Mining Company to shew that it is very great.

The questions which naturally arise, with reference to the conduct of the Government, are:—first, Ought so enormous an amount of the public lands be ceded to any persons, however respectable, without ample security that the purpose for which the grant is to be made shall be effectually carried out? and second, Are the terms of the grant such as, whilst they combine a liberal encouragement to parties proposing to invest their capital, will yield an equivalent to the people of the Province for the property of which they will be divested.

On these points all that we are informed at present is, that the Montreal Mining Company have paid up the magnificent sum of £5,900, which, with £1,000 additional, has been already expended "in salaries, wages, and provisions for the officers and servants of the company engaged in explorations, and in the purchase of machinery and necessary tools, boats, &c." To this company, without one farthing of paid up capital on hand, we are informed the Government has granted the fee simple (and that so unconditionally as to render any interference by Parliament, with the terms of the grant, a breach of faith in the opinions of Mr. Moffatt and Mr. Meredith) of 180 square miles of territory,—comprising, from the sinuosities of the coast, nearly 100 miles of the lake shore, 20 or 30 of the finest harbors, numerous mill sites, with great water power, together with a supply of timber sufficient for the wants of the company. And all this at the price of 4s. per acre, payable

by instalments as already observed, in five years, with a right in the allottee to accept or not his location within two years, without any forfeiture except the small sum which has been expended in explorations, &c. Well might Mr. Moffatt admit, that "the terms are undoubtedly liberal"; but it is doubtful if the public, whose property is thus disposed of, will agree in his assertion, that they are "not more liberal than wise"!

We have not the same detailed information as to the holders of other location tickets as that furnished by the Montreal Mining Company, but if they have been equally fortunate or equally judicious in their choice of locations, it is apparent, that the most valuable portion of the Canadian shore of Lake Superior, including the principal harbors, and the most valuable water power, has passed from the people of Canada to a few speculating companies, without any paid up capital.—And who are the parties who compose these associations? We admit the high respectability of the names set forth before the public. But how many shares do these individuals hold, and how many of them look to mining stock as a permanent investment? Is it not notorious, that shares in these companies have been offering in the market, and actually sold at premiums of six to eight dollars per share, being from 120 to 160 per centum premium, on the whole capital when paid? And this, on the stock of companies not yet really in existence, of which the shares are not yet all appropriated, and without, I again repeat, any of its capital paid in! Now, what do these transactions prove? Surely, either that the buyers of shares are carried away by that mania which too often leads men to embark in wild and random speculations, reckless of consequences; or that they believe that the Government have agreed to cede the lands at prices ridiculously below their intrinsic value, for mining purposes.

If the latter belief should prove well founded, what enormous loss to the country is sustained by the sale of so large a portion of the public property for so trifling a sum! Four shillings per acre for 180 square miles, claimed by the Montreal Mining Company, are £12,240; and so highly is the right of purchase to such an extent of land estimated,—which, including the right of rejection of any portion, will probably reduce the whole amount of purchase money,—that the public are willing to pay for that right a bonus of £75,000, that being the premium of six dollars per share on 50,000 shares. If the lands allotted to the other licensed holders be considered equally valuable, the loss to the public is, of course, in proportion.

Whilst it must be admitted that the Government were justified in holding out favourable terms of purchase to such as might be disposed to work the mines, it must also be conceded, that it is rather too great a stretch of liberality to sell the lands at not one seventh of their value in the market. If, however, this sacrifice were defensible, it could only be for small lots, and with the distinct understanding that the speculators should be bound to provide means for the actual working of the mines, and that fully throughout the whole extent of the land ceded. Now this it appears has not been done. To work the mines effectively on the location of the Montreal Mining Company, if they be as fertile of ore as the representations of Mr. Shepherd would lead the shareholders to expect, would require I am informed a capital far beyond the sum proposed to be subscribed. The effect of this monopoly of such extensive tracts of land by companies with such insignificant capitals, must therefore, if the mines be so numerous and valuable as the speculators imagine, tend rather to retard, than to encourage the drawing out of our mineral resources.

A good deal has been written about the claims which the Montreal Mining Company, and the other companies, have on the Government on account of their being to a certain degree pioneers, and having invested capital in exploring the country, &c. There may be some force in this claim, but by no means to the extent to which it is urged. Ten square miles of land, at a mere nominal price, is rather too large a compensation for the discovery of a mine. In Peru, the right of working rent free two hundred and forty-six feet in length by half that in breadth, is the remuneration to such a discoverer; and in Cornwall there is not a privilege of some such nature. It is by no means clear, however, that any of the mining companies are entitled to be ranked as discoverers. That such mines existed, was known long before the conquest of Canada by the British, and the Provincial Government, by sanctioning the geological survey, are the parties most entitled to any merit on that score.

The Montreal Mining Company have certainly evinced a praiseworthy zeal in selecting their locations before any other parties could interfere with them, and the harmony between their Geologist, Mr. Shepherd, and the Provincial Geologist, Mr. Logan, was really delightful; the former furnishing the latter "with a part of his force, to assist him to carry on the duties of surveying and locating, to which his (Mr. L.'s) force was unequal, in the time that remained to him to accomplish all that he had to do." It is perhaps on this account that Mr. Moffatt remarked at their meeting that the Montreal Mining Company "would appear before Parliament as a benefactor." Whether such be the case or not, it will be for Parliament to judge. They may perhaps be of opinion, that the character of the Government for impartiality would have been better sustained, had their servant