

impossible to introduce to the British public companies reasonably capitalised and amply endowed with working funds because such companies cannot afford to be bled in the manner necessary to secure their proper advertisement. Consequently the stream of capital is either checked or flows only from a spring polluted by inflation and misrepresentation, if not actual fraud. The conditions are exceedingly propitious at the present time for a renewal of interest in British Columbia on the London market. A foundation of solid achievement is being laid by companies whose shares are largely unknown and neglected. But is there any ground to hope that with renewed interest the old abuses will not flourish as luxuriantly as before. If they do, no permanent prosperity can be built up in the industry of mining by such a system, and for solid development upon a reasonable and productive basis we must still look to capital from Eastern Canada and the United States, assisted by private companies and syndicates financed in Great Britain. From the great bubble corporations blown upon the London market we can only look in the future for what we already have to regret in the past, namely, a short period of unreal activity followed by very real depression, and an attempt to place the sole responsibility for the latter upon the natural resources, legislative enactments or industrial conditions of the Province.

COPPER — THE QUESTION OF SUPPLY AND DEMAND.

THE period of violent fluctuation in the price of copper appears to be over. After plunging downwards to a virtually panic price it has recovered a little and is now endeavouring to find a stable mean at which to rest. There are those who profess to see in the recent events in the copper market nothing more than the results of an internecine strife between the main producers. It is more scientific and more correct to admit that the operating cause was the law of supply and demand breaking through and asserting its supremacy over the artificial restrictions some of the main producers have been endeavouring to impose upon it. In the November issue of the *MINING RECORD*, before the facts then visible with regard to the supply of and demand for copper had materially influenced the highly artificial price of the metal, we took the following view of the market situation:—

"There is no trust in the world strong enough to control or limit the production of copper except by permitting the demand to regulate the price. If, in the face of a supply in excess of the demand, the Amalgamated Copper company endeavours to maintain the price of copper at from 16 to 17 cents a pound, its success will only last as long as its money does and that will not be very long. The success of a trust in maintaining an artificial price of any commodity in a particular country is purely and simply a question of controlling the sources of supply in that country, and of being protected against outside competition by means of an import duty. It is true that the Amalgamated company controls between 50 and 60 per cent. of the copper produced in the United States. Suppose it limited production in the mines it was able to control, and at the same time maintained the price at its present level, it would be only placing a bonus upon the production of mines it was unable to control, and fostering the development of new countries and new mines to enter into competition with it. . . . It is, however, extremely unlikely that the Amalgamated Copper company

will embark on any such Quixotic enterprise. Its immense resources may indeed be used, and widely used, to steady the market, and prevent undue fluctuations from purely temporary causes, but we do not credit that company with any wild intention of tilting up against the law of supply and demand in reference to such a commodity as copper. Therefore, the only outlook at present seems to be a lower range of prices, and we rather think that so far as the producer is concerned, that lower range of prices is already becoming apparent in the contracts for matte being entered into now."

Subsequent events have proved how accurate our diagnosis of the market's symptoms was; they have justified and confirmed the view that the fall in copper was due to natural causes which the manipulations of the most powerful company could not prevent, not to an outbreak of competitive rivalry for the control of the copper market.

It is interesting to compare the operations of the Secretan syndicate which resulted in such a disastrous collapse, with recent events in the copper-producing industry.

The Secretan syndicate endeavoured to limit the output of copper by agreement among the producers. It then proceeded to enhance the price by speculative purchases, and to maintain it by carrying all the copper which was offered. In marked contrast with the purely artificial character of that boom the late high price of copper was induced by an expansion of industry which carried the demand for copper beyond the supply. Consequently the situation was inherently stronger so long as the exceptional demand continued. But just so soon as it abated the price could only be maintained by adopting the same methods of accumulation practised by the Paris syndicate. The longer this went on the more serious the disturbance to the industry which was bound to follow. Fortunately a halt was called before complete temporary demoralisation of the copper mining industry became inevitable.

The arrangement which, it is reported, has now been arrived at between the Amalgamated Copper company and the Rio Tinto company, appears to be an arrangement for the gradual reabsorption of an accumulated surplus of copper by consumers, rather than an attempt to artificially control the market. It has had the effect of steadying the market and of averting anything in the nature of a panic. A similar method was adopted in dealing with the accumulations of copper made by the Secretan syndicate. The future price of copper depends upon whether its present price is low enough to allow of the rapid absorption of the surplus, and to prevent undue encroachment upon the market of new sources of supply. If the limitation of output by the main producers is counterbalanced by continued and growing competition on the part of new producers, the main producers will eventually be forced to market the copper they are now retaining in their mines at a lower price. If, on the other hand, expansion of demand can now overcome increase of production from new sources, the copper market has arrived at a condition of stable equilibrium, and may even display a tendency towards higher prices as the surplus disappears.

Apart from a severe check to industry, an industrial depression, seriously decreasing the demand for copper,