

floats. He buys an influential board of directors by gifts of blocks of shares. He finds underwriters, who, for a commission of from 10 to 25 per cent. guarantee the subscription by the public of a certain amount of shares. Advertising agents, who have valuable lists of investors names, address 100,000 or 1,000,000 prospectuses and receive handsome pay. Newspapers are paid large sums for notices and editorials. Blackmail is levied by obscure "Financial Journals," who threaten attack if not subsidized. To meet all these expenses the price to be paid for the mine is increased five or ten fold and the surplus is divided by the promoter between himself and these various claimants. Anyone will see that the chance of a mine becoming a dividend payer is seriously handicapped by this inflation of its value and all the expense entailed by the organization of a company to be managed by numbers of salaried persons. To pay a dividend even on the par value of the shares a mine must be enormously rich, but when the shares are advanced ten-fold the prospect of returns is poor indeed. The literary feature of promotion is well described in the *Review* as follows:

"In estimating the chances, one must never forget that an inexpressibly degraded type of financial press here and in France, has potently aided the great market 'bosses,' 'trusts,' 'banks,' blind pools, underwriting syndicates, and other nondescript combinations in sharpening the appetite of a greedy public, and still aids it. In both countries it is 'so much puff for so much money,' but the French are, on the whole, more economical in their press expenditure than we are, and work the oracle with less unctuous affectation of 'honesty.' Banks and financiers over there openly buy up journals, or the financial pages of journals, and fill them with artistically compiled, or other advertisements of their wares, paid for at the usual wage. In London, it is, with a few glaring exceptions, a locust-swarm of wageless, or low-waged, individual writers who have to be bought; and the prices these gentlemen, or the owners of certain journals, charge for the use of their pens, or brains, rise with the success of the 'boom.' Our great South African adventurers found most of the financial press lean and hungry, thankful to insert a 'leader' for a ten-pound note, or to publish quotations of manufactured 'share premiums' for half the money. It is quite otherwise now, as the engineers of the 'Western Australian gold mining boom' have found to their cost; as the leaner sort of promoter sadly admits. A fifty-pound note does not go so far to-day in buying eulogies of new schemes—dressed up in a margined affectation of impartiality and honest conviction—as a 'fiver' would have done a year ago, and, in consequence, mine-company hatching has become nearly impossible except to very strong cliques. It is not, either, as if the promoter had to do with only a few papers; he now faces a hoast, all clamorous for hush-money or blackmail. The development of the market excitement has brought into life a swarm of ephemeral prints, which may have little or no money value as agencies for puffing rotten schemes, but whose power for harm might be appreciable were they allowed to speak the truth, or to say all the bad things unsatisfied lusts could dictate. It is necessary, therefore, to keep the poorest rags in tow by paying them extravagant sums to insert advertisements of prospectuses, or for laudatory leaders and 'pars' sometimes written with considerable art, often the merest soap-suddy drivel—in praise of the 'Stonebrooke' mine or the 'Deep Sea' prospecting company, whatever the 'vendors' have to palm off upon the ravenous swarms of brainless gamblers, who hate labor but love 'style' and comprehend good feeding and dukes."

The *Whitehall Review*, chiefly subscribed to by officers and officials, both active and pensioned, warns its patrons as follows:

"The Blackmailer is, for the moment, king. At least a dozen rags, purporting to be financial journals, fatten on the company promoter. If the latter, who is generally of shady antecedents, does not give a £20 or £30 advertisement, the organ of light and leading so floated comes out the next day with a sensational article, and a still more sensational poster, something in this way:—

THE GREAT BONUM MINE, LIMITED.

AN IMPUDENT PROSPECTUS—SOME STARTLING FACTS ABOUT THE PROMOTERS.

If, on the contrary, the financial blackmail journalist gets his check, he will insert an unblushing and generally ungrammatical puff of the Great Bonum Mine, and his leading article and poster will deal with the iniquities of some other company, the promoters of which have not paid their price. . . . The insertion of the prospectus of any venture in these rags is a pretty convincing test that the promoters of that company are afraid of exposure. Of course the prospectus of some other than swindling companies appear occasionally in these organs of blackmail. In that case be assured that the venal advertising agent has included such a paper in his list in order to grasp at a higher discount than is allowed by a respectful journal. A good many of the bogus financial papers which now flood the city are bringing in fabulous sums to their proprietors. If justice were meted out, most of these gentry would be in the dock on charges of obtaining money by threats."

The chance for dividends commensurate with the prices to which South African shares have advanced in the London market is forcibly put as follows by the *Investor's Review*:—

"If the annual gold-production of South Africa rose to £30,000,000 gross,—it is not yet £10,000,000,—and if two-fifths of this, or £12,000,000, were net profits fairly distributable among the shareholders in the 'mining companies,' 'chartered companies,' 'banks,' 'trusts,' and 'finance companies,' whose shares still soar at aerial heights, if money would barely pay 6 per cent. on the recent market prices. But there is no reasonable prospect that the output of gold in South Africa will ever reach £20,000,000 gross, let alone £30,000,000, and still less that two-fifths of the total product can ever be fair net profit; and there is no ground whatever to suppose that the maximum output, whatever it may be, will be sustained for ten years. A solitary mine here and there may endure for that time, or longer, and pay—most will do nothing of the kind. If the average return to the "investor" is 1 per cent. all over on the market price of the shares, it will be a marvel."

It is of course incredible that the present value of shares can be maintained and it might be supposed that the gold mining industry will suffer by the reaction in prices. But it will be the speculators, left with shares on their hands, who will be the mourners, and for a time it will be difficult to start new enterprises. But the mines that have a good basis of value will operate as well as ever and that there are many such is proved by the returns. Bradstreet's gives the following summary of the history of South Africa Gold-Mining:—

"Nearly 30 years ago gold was found to exist in the South African Republic, or, as it is often called, the Transvaal. What are known as the mines of the Lydenburg district, in the eastern part of the Transvaal, were worked as early as 1869. They continued to be moderate producers, yielding an average of about \$1,500,000 gold per annum, until they were overshadowed by the Witwatersrand. The latter is a district surrounding the town of Johannesburg, about 35 miles south of Pretoria, the capital of the republic, and on the watershed between the Limpopo and Vaal rivers. It is in the midst of a rolling country, about 5,600 feet above sea level, and, up to the time of the present development, was regarded as useless for anything but grazing. Gold was believed to exist in the region 20 years ago, but it was not till 1884 that any systematic attempt was made to work it. At first the miners and prospectors sought only for rich pockets, which are occasionally found along the outcrop of the reefs, and only after a couple of years was it realized that in the conglomerate rock which accompanied such deposits was the true source of the country's mineral wealth. Several years of exploration, of partial failures and uphill work, ensued, but nevertheless the productiveness of the fields was evident, while they attracted not only a swarm of experienced American and Australian miners but gave employment to increasing amounts of British capital, and presented examples of the highest practical development of science applied to gold mining and extraction. From 1887, when, by the use of primitive methods and appliances, 'the Rand' produced some 23,000 ounces of gold, up to last year, when its output reached a total value of \$35,000,000, there has been a growing interest in it which has culminated in the most remarkable speculative excitement of modern times. While attention has been given to West Australia gold discoveries, as well as to the working of the reefs of Mashonaland and Metabeleland (the latter having been partially worked in ancient days by some unknown race) the measure of success that has attended the operations of the miners and prospectors of the Rand has been the chief support to the whole speculative mining movement."

An especial reason why this South African excitement should interest Canadians is the fact that just now large areas in British Columbia are giving evidence of the presence of valuable deposits of gold. In the existing rivers and creeks and in the beds and banks of ancient rivers alluvial gold is found, which by placer or hydraulic mining yields a rich return to the worker. Dredges and pumps are bringing the nuggets up from deep water, and the monitors are washing the gold dust out of the soil. All along the southern borders of the province large bodies of iron and copper bearing rocks are found carrying gold either in good quantities or in sufficient amount to pay if worked economically on a large scale. There are also large districts containing free-milling gold quartz, and a great region with silver-lead mines, which, owing to their high grade and extent, are considered by many to be of surer value than any of the gold mines. The hydraulic and placer gold mines of the Caribou, Fraser, Thompson, Columbia, Tulameen, Similkameen and Kettle Rivers, the gold ore mines of Trail Creek, Boundary Creek and Okanagan, and the silver mines of Slocan in West Kootenay are destined to gain a world-wide fame. Nowhere is capital and the absence of repressive legislation more needed. With free scope for the application