The Market and the Mines

Mining history is making so rapidly in Utah these days that a moving picture machine would have a big advantage over a weekly newspaper in recording it. The veracious chronicler must write with his fingers crossed lest the developments of tomorrow explode the supposed facts of today. The conference, for example, held between Jesse Knight and John D. Ryan at the Kuntsford hotel, on Tuesday, while apparently barren of results, creates a situation that may blossom into news plums at any moment. Uncle Jesse, according to one of the stories that started on its rounds after the conference, found the copper magnate an unsatisfactory conversationalist. It was related that Mr. Knight had mapped out a line of talk that seemed certain to convince Mr. Ryan of the propriety and desirability of the purchase by his company of the Tintic smelter and the Colorado mine. The argument was impregnable; the conclusions unavoidable. But at the very start the conversation skidded. Before he could get it back into the road Mr. Knight was enveloped by a swarm of questions that gave him no time for a logical presentation of the case. All of which goes to show that Mr. Ryan had a talk map of his own with a six-cylinder equipment.

❧ ❧ ❧

Even though Uncle Jesse failed to deliver his message to Garcia, he may rest assured that Garcia Ryan is not ignorant of the benefits to be derived from the control of the Knight properties. He may have more reasons for wishing to acquire them than are dreamed of in Mr. Knight's philosophy, but as a prospective buyer it is to be supposed that he kept the objectionable features to the front and clung to the role of cross-examiner with a tenacity gained by long experience in the arena of business where quarter is often asked, but seldom given. The chief stumbling block, doubtless, is the Knight smelter at Tintic. It is a good little plant, but a plant at Tintic would be of little use to a corporation bent on centralizing the ore treatment of the state in Tooele county. The contracts held by the Knight company would be of great value to Mr. Ryan's international, but these, it is said, are so drawn that a change in the ownership of the Tintic smelter would release the mine owners from their contractual obligations. Moreover, we have had the statement from Mr. Knight himself that the purchaser of his Tintic plant must consent to keep the smelter in operation and make liberal concessions to the Knight mines in the matter of rates. These differences may not be insuperable, but they are great enough to delay the closing of a deal such as was discussed at the meeting Tuesday.

❧ ❧ ❧

Events of the week have made it clear that the weakness of the Tintic smelting enterprise is not in the quality of its equipment nor in the character of its management, but in the marketing of its bullion and the financing of its settlements. The omission of its monthly dividend by the Iron Blossom company was traced immediately to the smelting end of the Knight interests. No one doubted that the Iron Blossom had mined and shipped enough ore to meet the 8-cent dividend requirements many times over. Yet the directors admitted frankly enough that there was not sufficient cash on hand to pay 8 cents a share. The inference was plain. The Iron Blossom had not been paid for its ore by the smelter. The smelter, therefore, must be obliged to wait for the sale of its bullion to meet some of its settlements—a state of affairs that is embarrassing to any custom smelting plant at any time and doubly embarrassing at a moment when a sale is on the tapis. In any large smelting enterprise an immense amount of cash is always tied up in ore. The capital required for this purpose is generally underestimated by the neophyte in the business. It was evidently underestimated by Mr. Knight. He took care of the selling question by contracting with a combination of metal dealers to find a market for his bullion, but he did not arrange for the loose money needed to bridge the interval between the payment to the mine owner for his ore and the settlement with the smelter by the bullion buyer. It was the apprehension of such a state of affairs that caused GOODWIN'S to sound a note of warning, both before and after the smelter was commenced and to urge upon the mine owners, then talking excitedly of a co-operative plant, the necessity for supporting the Knight project. The time is at hand when the blindest can see the urgent need of such support if competitive smelting is to be guaranteed to Utah. A very small proportion of the fund once offered to finance a co-operative smelter, would relieve the difficulties of the Tintic plant and afford financial life insurance for many a mining company.

❧ ❧ ❧

Just now everyone is so tickled by the prospect of a thrilling struggle between the Clan Cole-Ryan and the tribe of Guggenheim that the matter of ore dressing monopolies and preserving competition is all but forgotten. The little mine owner, with his head through the ropes, yelling at the combatants to go to it, overlooks the fact that he, the l. m. o., is the spoil of battle. It is for the privilege of exploiting the ore producer that all the big smelter wars of recent times have been waged, and the fiercer the war the more eager will the victor be to squeeze out golden slave for his wounds. Shall GOODWIN'S have to say a year or two hence: "Had the mine owners of Utah invested a few dollars in preserving the independent existence of the dismantled Knight smelter at Tintic, they would not now be groaning helplessly under the omnipotent lash of the Standard Oil (or Guggenheim) smelter combine. Verily they were as dumb as a sheep before his shearers at the time when they could have raised a barrier against monopoly.,