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BRITISH INVESTMENT AND THE AMERICAN MINING FRONTIER, 1860-1914

By CLARK C. SPENCE*

“ENGLAND is a lake of money, bank full and running over.” So wrote the San Francisco editor of the *Mining and Scientific Press* in 1895.¹ Many fellow Americans were inclined to agree and undoubtedly the relatively heavy investments of British capital that had already splashed over into the West had much to do with creating this attitude. Although the pound sterling was attracted to many types of enterprises—vineyards, railroads, and ranching among others—between 1860 and 1914 at least 584 joint-stock companies, with a total nominal capitalization of not less than £81,185,000, were registered with the Board of Trade in Great Britain to engage in mining or milling activities in the intermountain West and Southwest, exclusive of the Pacific Coast proper. Of these, probably not more than 329, capitalized at about £46,000,000, ever raised funds and actually commenced operations. Of the total, at least 79, representing nominal capital of £10,997,200, were formed to work property in Arizona and New Mexico, although about 20 per cent of this number never became operational, even for a limited period of time.²

Such figures must be approached gingerly. Often the gap between nominal and actual capital was a wide one. The British public might fail to respond, with the result that part of the nominal capital remained unsubscribed; large blocks of shares might be granted fully paid to vendors in full or partial payment for property; sometimes non-British shareholders—American or Continental—accounted for a

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1. *Mining and Scientific Press*, LXXI (Sept. 21, 1895), 185.

2. These and other figures concerning the organization and operation of these 584 joint-stock companies have been compiled by the writer primarily from official files located in the offices of the Registrar of Companies, Board of Trade, Bush House, London, and the Queen's Remembrancer, Parliament Square, Edinburgh. In addition, much pertinent material has been used from collections in the archives of the Stock Exchange, Share and Loan Department, London.

proportion of the subscribed capital.³ Certainly the heavy expenses of floating a joint-stock company in London or Edinburgh might absorb a sizable amount of the original assets. In one extreme instance, for example, approximately £120,000 (\$600,000) was spent in organizing and sustaining a single Anglo-Utah concern during its early months of activity.⁴

On the other hand, these general figures—and, indeed, this paper—are concerned with only part of the story of British investment in western mines. Undoubtedly much capital cannot be pinpointed. Until late in the century English records gave no indication of additional capital raised through mortgage indebtedness. Thus, while in mid-1888 the Arizona Copper Company, Ltd., listed a nominal capital of only £715,000, it had issued £266,000 worth of unrecorded debentures through a kindred firm in order to meet its obligations and to conduct operations.⁵ The picture is further complicated by indeterminable amounts invested through unincorporated partnerships or friendly societies and, more importantly, through American companies. Of the latter, like the Seven Stars Gold Mining Company or the White Hills Mining and Milling Company (both in Arizona),⁶ there were many. They hawked their shares or bonds on the British market and sometimes worked extensively in the West, but few have left behind them records to indicate how many shares were held

3. For examples of Southwestern companies illustrating this discrepancy between nominal and actual capital see: Jersey Lily Gold Mines, Ltd., Summary of Capital and Shares to February 14, 1899, located in the Board of Trade files, office of the Registrar of Companies, Bush House London. File No. 45507. (Such files are cited hereafter as C.R.O. and number. Numbers preceded by the letter "B" are on microfilm at the Bancroft Library.) ; Grand Central Silver Mines, Ltd., Summary of Capital and Shares to February 10, 1892, C.R.O. B34882 ; Little Wonder Gold Mines, Ltd., *Prospectus* (April 12, 1901), C.R.O. B69138. The roster of the Morenci Copper Mines, Ltd., an Anglo-Arizona undertaking of 1899, shows shares held not only in England, but also in France, Germany, Holland, Italy, Switzerland, Portugal, Corsica, and Turkey. Morenci Copper Mines, Ltd., Summary of Capital and Shares to January 11, 1901, C.R.O. 62248.

4. Trenor W. Park testimony (April 19, 1876), Emma Mine Investigation, *House Report No. 579*, 44th Congress, 1st Session (1875-1876), 758.

5. *The Statist*, XXII (Sept. 22, 1888), 336 ; Arizona Copper Company, Ltd., *Prospectus* (1888). This was a prospectus advertising the issuance of the £266,000 perpetual debentures six years after the organization of the concern. Unless otherwise noted, all company prospectuses cited are located in the Stock Exchange archives, London.

6. For the White Hills Mining and Milling Company, which had heavy Manchester backing, see the *Anglo-Colorado Mining and Milling Guide* (London), I (June 25, 1898), 67 ; *Mohave County Miner*, Feb. 11, 1921. The Seven Stars Gold Mining Company and its activities during the 1890's is amply covered in Wiser, *et al.*, v. Lawler, *et al.*, 189 *U.S. Reports* (1902), 261-274.

in English hands. In any event, because of the imponderables, any attempt at quantitative analysis falls far short of its mark.

But whatever its extent and through whatever its media, the flow of investment into western mines was but part of a much broader movement of British capital into all corners of the mineral world, ranging from Aruba to the Yukon, from Coolgardie to Zanzibar. The American West was not peculiarly favored; competing with other regions it received only a fraction of British overseas capital. In 1890 only 17.1 per cent of all new capital offered by mining concerns registered in England was destined for any part of the United States; probably about 3.5 per cent of similar capital offered in 1900 was earmarked specifically for the American West.⁷ And British investments made up only a small portion of the total capital that developed western mineral industries. Fragmentary figures show that in 1895, for example, British joint-stock capital represented about 1.5 per cent of all new capital nominally registered for Colorado mines in that year.⁸

After a brief and unhappy experience in California during the 1850's, English investments were not especially noticeable in western mines until after 1870. The confusion and uncertainty fostered by the Civil War acted as a deterrent, as did the condition of the mineral industry itself. Depression struck in the mid-sixties, as Eastern companies succumbed to "process mania" and installed fantastic new contraptions for "frying, roasting or stewing precious ores" which had been devised by so-called "experts" who knew "as little about practical milling as the lunatic in Swift did about extracting sunbeams from cucumbers."⁹ The resulting costly and spectacular failures by many American firms could not help but

7. Walter R. Skinner (ed.), *The Mining Manual* (London, 1891-1892), xi; *Mining Journal* (London), Jan. 19, 1901, 71.

8. According to the British Vice-Consul in Denver, there were 632 mining companies registered and incorporated in Colorado in 1895 with a total capital of nearly £108,000,000 on paper. United States Report for the Year 1895 on the Trade of the Consular District of Chicago, Foreign Office, *Annual Series* No. 1725 (1896), 30-31. The writer unearthed twelve British joint-stock companies with a total nominal capital of £1,349,000 registered to exploit mineral resources in Colorado in 1895.

9. Amasa McCoy, *Mines and Mining in Colorado: a Conversational Lecture, Delivered in the Lecture Room of Crosby's Opera House, to the International Mining and Exchange Company* (Chicago, 1871), 35.

leave the British public cool to western investment schemes.

Moreover, British capital had a tendency to lag until some semblance of "civilization" became apparent in the West. It tended to move more readily, for example, into regions where the Indians provided the least trouble and where railroads were early available. Thus Nevada, Colorado, and Utah were favored with overseas capital at an earlier date than Idaho, Montana, New Mexico, and Arizona. From 1860 to 1873 there were thirty-three British concerns organized to operate mines in Nevada, twenty-two for Colorado, but only three for Arizona and none for New Mexico.

In general the decade of the sixties brought only limited British investment (actually sixteen companies, with a total capitalization of £1,525,000), but the stage was being set for a more substantial flow. English company laws had by 1862 simplified the organization of the joint-stock company and had added limited liability to its advantage. At the same time, a generally prosperous investing public was being brought in contact with western opportunities. Innumerable British travelers bent on sport or adventure carried home tales of mineral riches in the Rockies or beyond; thousands of British emigrants in the West retained family or business ties abroad; English or Cornish experts sent to inspect or manage American mines undoubtedly served as important links. Selected ores shipped to international exhibitions or to Swansea or Liverpool to take advantage of superior refining methods gave mute if misleading testimony of western wealth.¹⁰ And all the while, by newspaper and periodical, by pamphlet, broadside, and prospectus, promoters constantly kept "opportunity" before the British public.¹¹

In the early 1870's came a speculative flurry which focused attention sharply on Colorado, Nevada, and Utah. In spite of momentary scares emanating from the confusion of

10. *Mining Journal*, March 12, 1864; *Colorado Miner* (Georgetown), Dec. 14, 1871.

11. A typical promotional pamphlet is Lincoln Vanderbilt's *The New and Wonderful Explorations of Professor Lincoln Vanderbilt, the Great American Traveller, in the Territories of Colorado, Arizona, & Utah, and the States of California, Nevada, & Texas, Adapted for the Emigrants, Settlers, Mine Speculators, Fortune Hunters, and Travellers* (London, 1870). As for Arizona, wrote Vanderbilt, "Nowhere in the world is there such a rich section of country for mining, and favourable facilities for working these wonderfully productive mines, as embraced in an area of 40 miles square, lying east and south of the town of Prescott." (pp. 32-33)

the Franco-Prussian War and the *Alabama* claims question,¹² the year 1871 produced a bumper crop of Anglo-American mining companies—a total of thirty-four, capitalized nominally at £4,550,000, of which twenty, with a capital of £3,211,000, actually operated. The boom leveled out in 1872 and 1873, then fell off sharply as the cold wind of depression swept across the West, chilling the ardor of the investor and leaving in its wake a mass of corporate wreckage.¹³ At precisely the same time English faith was being severely shaken by exposures relating to the Emma Silver Mining Company, Ltd., a concern whose name to the average Englishman became synonymous with Yankee skulduggery. Partly because of promotional support given by the American minister in London, British investors had succumbed to the wiles of the seductive Emma and had plunged £1,000,000 into this Utah endeavor, only to discover—too late—that the property was worked out.¹⁴ This revelation brought not only Utah, but the entire West into disrepute, as a combination of elements—depression and distrust—brought lean years of investments. Only fifteen new Anglo-western concerns (one of them in Arizona) came into active existence during the seven years from 1873 to 1880, and their total capital was only £1,546,000—about forty-eight per cent of the total for the single year 1871.

Stiff competition from the booming new Indian fields and a mild financial crisis in 1878 did nothing to relieve the situation, but except for a sharp downward trend in 1880 and again in 1885, the eighties brought a general increase, the year 1886 being the best since 1871; 1887 and 1888 were the two peak years of the entire period, for at least thirty companies (six of them in Arizona) with a total nominal capital

12. Hiram A. Johnson to Henry M. Teller (London, Feb. 19, 1872), Teller MSS; William Byers to A. E. Langford (n.p., Sept. 23, 1870), Byers Letterbook (1868-1871). Both located in the University of Colorado Libraries.

13. See, for example, report of meeting of the Utah Silver-Lead Mining Company, Ltd., (Feb. 17, 1874), *Mining World* (London), Feb. 21, 1874, 374; report of meeting of the Mammoth Copperopolis of Utah, Ltd., *ibid.*, 376; report of meeting of the Clifton Silver Mining Company, Ltd. (June 15, 1874), *ibid.*, June 20, 1874, 138-139; *Salt Lake Daily Herald*, Jan. 15 & 16, 1874.

14. Emma Mine Investigation, *House Report* No. 579, 44th Congress, 1st Session (1875-1876), 875; *Mining World*, May 17, 1873, 950-951; Samuel T. Paffard, *The True History of the Emma Mine* (London, 1873), 32, 33.

of £7,582,500 were formed and commenced operations in those two years. Concentration was primarily in Colorado, with Nevada, Idaho, and Arizona trailing. Utah by this time was no longer a contender.

Despite a near panic in 1890 when the Barings crashed, the level of investment remained high until 1892; then a fall in metal prices and another international financial dislocation were to cause the flow to ebb momentarily. British concerns throughout the West were hard hit and often never recovered. A few prospered, most muddled along, many—including the wicked Emma—liquidated their American interests and reinvested in gold mines abroad.¹⁵ But new capital was attracted again after 1894, although the pre-depression level was never again reached. The predicted Cripple Creek boom, with a “Colorado sideshow” supplementing the “Kaffir circus” did not materialize in England.¹⁶ Perhaps the Venezuela boundary scare was in part to blame,¹⁷ but more important was the increased competition of South Africa, the Yukon, and Australia-New Zealand as rivals on the world money market. Success in these areas helped weaken the movement of English capital to the American West, although British investments did respond in positive fashion to the Tonopah, Goldfield, and Rhyolite rushes in Nevada.¹⁸ But the Panic of 1907 brought a negative reaction and on the eve of the Great War the period ended on a note of futility, according to the London *Economist*, with “gloom which hung like a pall over the mining market” because capital was being withdrawn from the mineral industry throughout the world in favor of more lucrative if less risky commercial enterprises.¹⁹

If profits are any indication, the degree of success of the average Anglo-American mining concern fell far short of ex-

15. Skinner, *Mining Manual* (1896), 937; Dickens Custer Mines, Ltd., *Directors' Report*, April 1, 1893, to Dec. 31, 1895; *Annual Report*, year ending June 30, 1901; Flagstaff Company, Ltd., *Directors' Report*, Nov. 13, 1893, to June 30, 1895; La Plata Mines, Ltd., *Directors' Report*, Oct. 27, 1892, to March 31, 1894; Emma Company, Ltd., *Annual Report*, year ending June 30, 1896. Unless otherwise noted, all annual reports and directors' reports are in the London Stock Exchange archives.

16. *Mining Journal*, Dec. 21, 1895, 1547.

17. *Ibid.*; see also William Rogers to W. E. Tustin (Wolverhampton, Jan. 25, 1896), copy in James A. Beaver MSS, Pennsylvania State University Libraries.

18. British Nevada Syndicate, Ltd., *Prospectus* (April 26, 1907), C.R.O. 93138; Nevada Mining Share Syndicate, Ltd., *Balance Sheet* (Dec. 31, 1908), C.R.O. B85633.

19. *Economist*, Feb. 7, 1914, 278.

pectations. At least fifty-seven of the companies registered in the 1860-1914 era paid dividends aggregating about £11,700,000 prior to 1915.²⁰ Numerically this would mean that one company in every ten ultimately paid some kind of dividend. But many of these were but token payments to appease stockholders or to sustain share prices artificially. In a few instances, officials even borrowed illicitly to pay such "dividends."²¹ Probably no more than ten joint-stock companies, only one of which operated in the Southwest,²² returned the shareholders' full investment. No wonder investors came to believe that the comparative declension of the word "mine" was "miner" and the superlative "minus."²³

If dividends were not ordinarily forthcoming and if mountainous debts of half a million pounds sometimes piled up,²⁴ wherein lay the blame? It was not merely that "salted" properties were passed off on the naive British investor, although more than one company, like the Jersey Lily Gold Mines, Ltd., in Arizona, paid dearly for mines in which ore samples had been "grafted" where nature had not intended them to be.²⁵ The over-all story is much more complex, with

20. Included were four concerns operating in Arizona or New Mexico: Arizona Copper Company, Ltd., paid a total of £3,551,335 between 1892 and 1913; Harquahala Gold Mining Company, Ltd., also operating in Arizona, paid £36,250 in 1893-1894; Carlisle Gold Mining Company, Ltd. (New Mexico) paid £20,000 in 1888; and the Lady Franklin Mining Company, Ltd. (New Mexico) returned dividends of £18,002 in 1887.

21. Thomas Skinner (ed.), *The Stock Exchange Year-Book and Diary for 1875* (London, n.d.), 162; Paffard, *The True History of the Emma Mine*, 33.

22. The only British concern operating in the Southwest which returned at least one hundred per cent on the original investment was the Arizona Copper Company, Ltd.

23. *Mining Journal*, Sept. 9, 1871, 800.

24. See Adelaide Star Mines, Ltd. [Nevada], *Annual Report*, year ending Oct. 31, 1912.

25. This company was incorporated in October, 1895, to acquire mines in the Hassayampa district of Arizona from William Coles Bashford of Prescott. Through Daniel Keating the concern acquired property for £100,000 in shares, but soon exhausted its meager working capital. Another British firm, the Anglo-Continental Gold Syndicate, Ltd., agreed to provide £10,000 for development and for machinery. However, a careful re-sampling of Jersey Lily ores by experts sent out by the Anglo-Continental Syndicate led to the conclusion that the original samples had been "salted" and that the property would not pay. The Jersey Lily company abandoned the mines and brought suit, apparently without success, and the venture was written off as a total loss by the Anglo-Continental Gold Syndicate, Ltd. Jersey Lily Gold Mines, Ltd., *Memorandum and Articles of Association*, 1-2; *Special Resolutions* (July 9 & 29, 1897), C.R.O. 45507; Anglo-Continental Gold Syndicate, Ltd., *Directors' Report and Accounts*, 15 months ending March 31, 1899; *London Times*, April 8, 1899; *The Statist* (London), April 29, 1899. Charles Siringo, well-known cowboy and mining detective, gives a thinly disguised account of the affair, calling it the "Kansas Daisy," probably to be sure his name was

a number of contributing factors combining to spell disillusionment and disappointment.

The whole process of promoting mining enterprises in England left the way open for gross misrepresentation and the transfer of shoddy goods across the trans-Atlantic counter. Worthless claims, labeled "prospect holes" in Colorado or Arizona, became "permanent mining investments" in London. Disputed titles and an occasional hidden mortgage passed into British hands.²⁶ Prospectuses spoke in glowing terms of "mountains of silver" in New Mexico and of "probable dividends of 200 to 300 per cent" in Nevada,²⁷ and in their optimism rivaled accounts from Sinbad the Sailor, or as unhappy investors more often insisted, from the tales of Baron Munchausen. Extreme statements came to be expected as a regular part of western mine promotion. "The stories of all of them," commented one American engineer in London, "are so flattering & so highly coloured that it is almost impossible to interest a man in a moderate and probable statement."²⁸ And to add distinction, each prospectus carried the names of directors of the new company-to-be, the list including as many eminent names as possible—those of nobility, military men, members of parliament, and other public figures whose presence might overawe the investing public.²⁹ Unfortunately, too many of the projects presented in this

kept out of the courts. "A Mr. B. of that enterprising town [Prescott] had put out a bait and caught some big fish in England," writes Siringo. "When the aforesaid big fish, who were organized as the Anglo-Continental Mining Co. began to smell a 'mice,' they called on the Dickinson Agency to investigate and see if their corn-crib really contained rats. Hence, I was sent to do the cat act." Eventually, according to Siringo, one of those involved confessed privately that he and "Mr. B." had tampered with and "enriched" the ore samples at the time of the property's sale. Formal evidence, admissible in court, was lacking, however, and the English were the losers. Charles A. Siringo, *A Cowboy Detective* (Chicago, 1912), 263-270. For a more detailed case, in which an English concern successfully proved fraud in court, see the *Mudsill Mining Company, Ltd. v. Watrous, et al.*, 61 *Federal Reporter* (1894), 164-190.

26. *In re Crooke's Mining and Smelting Company, Ltd.*, reported in *London Times*, Aug. 3, 1885; W. J. Lavington to Registrar of Companies (London, May 2, 1893), Ouray Gold Mining Company, Ltd., C.R.O. 24513.

27. Pyramid Range Silver Mountain Company, Ltd., *Prospectus* (Jan. 1871); Lander City Silver Mining Company, Ltd., *Prospectus* (June, 1865).

28. James Hague to John H. Bird (London, May 10, 1871), copy, Hague Mss, Huntington Library.

29. A typical example was the United Arizona Copper Company, Ltd., registered in 1902. Included on the concern's board were the Earl of Oxford and Admiral Sir William Cecil Henry Domville of Ipswich. United Arizona Copper Company, Ltd., *Prospectus* (1902).

fashion could not hope to live up to promotional claims and left the average investor with a slim purse and an attitude which, in the words of a contemporary, "generally assays about two tons of regret to the square inch."³⁰

Many joint stock enterprises collapsed from weaknesses in capital structure. While the nominal capital of a concern might vary between £100 at one extreme and £3,000,000 at the other,³¹ the more typical company was capitalized at from £50,000 to £500,000. Likewise, share denominations ranged from one shilling to five hundred pounds, but the public showed a preference for those of one pound.³² Regardless of that, most Anglo-western mining companies were overcapitalized, and despite numerous official and unofficial warnings, they invariably purchased mines at from three to ten times the price asked for the same property in America.³³ A Coloradoan was frank in addressing a prospective English promoter in this regard in 1871:

When you come here I should advise you to say nothing about buying mines as these Yankee fellows are all anxious to sell and the price they ask is all in proportion to the ability of the purchaser. I could buy a mine for 5000 dollars that they would ask you 50000 for.³⁴

As a result, having plunged most of their capital into the purchase of property, most companies sorely lacked working capital. Next to the cry of "fraud" (usually unsubstantiated) the most common plea heard in company meetings in London was for additional operating funds.

30. Harry J. Norton, *A Bird's-Eye View of the Black Hills' Gold Mining Region* (New York, 1879), 9.

31. Turquoise Syndicate, Ltd., *Memorandum of Association*, 1, C.R.O. 86874; Harney Peak Consolidated Tin Company, Ltd., *Notice of Increase of Capital* (Nov. 12, 1889), C.R.O. B24391.

32. Mineral Assets Company, Ltd., *Statement of Nominal Capital* (Nov. 18, 1898), C.R.O. 59582; Clifton Arizona Copper Company, Ltd., *Statement of Nominal Capital* (Dec. 24, 1900), C.R.O. B67811.

33. *Anglo-Colorado Mining and Milling Guide*, III (Feb. 24, 1900), 21; *The Statist*, Sept. 17, 1887; "Gold Queen," Ltd., *Memorandum of Agreement between Thomas Gilbert and the "Gold Queen," Ltd.*, C.R.O. B25811; Ms Annual Report of Consul Booker on the Trade of California, 1871 (San Francisco, March 8, 1872), F.O. 115/540; United States Report for the Year 1899 on the Trade of the Consular District of San Francisco, Foreign Office, *Annual Series* No. 2506 (1900), 35.

34. W. West to George Heaton (Black Hawk, Colorado, March 8, 1871). Teller Mss.

Another factor contributing to a lack of success was the inability to find satisfactory solutions to problems of management across an ocean and three-quarters of a continent. Boards of direction selected for their appeal to the "lord-loving public," rather than for administrative or mining experience, too often proved inept or disinterested. Most concerns refused to entrust their property to unpredictable Yankees and insisted instead on British engineers or mine captains. Probably the majority of such men sent from the home islands were well-trained and competent; indeed, many of them would have been regarded as top-flight mining experts in any setting. Many of them brought with them ideas and processes stemming from years of experience in mines and smelters the world over and were to be of more than passing importance for their contributions to the development of the trans-Mississippi West.

But a sizable minority were neither able nor qualified for the positions of responsibility they were sent to fill. To the end of the era, British companies never completely discarded the idea "that a man having been a Sunday school teacher, or a most exemplary tradesman, or a needy relative of the president, or one of the directors is sufficient qualification to enable him to manage a mine successfully."³⁵ Nepotism was common; so were misfits. One manager came to Colorado in order to work off a debt he owed to the chairman.³⁶ Another in the same region was by profession a druggist;³⁷ one in Nevada, a dentist.³⁸ James Thomson, a well known poet and professional pessimist, acted as a company agent in the Rockies for the better part of a year and attended practically every social function in Central City during his stay, but contributed nothing to the cause of his firm.³⁹ On the other hand, amateurism need not always be a liability. Edward Probert, ordained minister and formerly chaplain to the Duke of Northumberland, served nearly a quarter of a cen-

35. William Weston to editor, *Mining Journal*, May 7, 1881, 561.

36. Thomas A. Rickard, *Retrospect* (New York & London, 1937), 35.

37. *Mining Journal*, July 3, 1874, 732.

38. *Ibid.*, Feb. 3, 1872, 95.

39. Two of Thomson's diaries—one personal and one dealing with business matters of the Champion Gold and Silver Mines of Colorado, Ltd.—are in the Bodleian Library, Oxford University.

tury—and served well—as manager of the successful Richmond Consolidated Mining Company, Ltd., in Nevada.⁴⁰

Many English shareholders agreed that the honesty of their managers varied inversely with the distance between the mine and the London office. Men sent out from England came to feel “like the beggar sat on horseback,” complained one chairman, “and the consequences are most disastrous.”⁴¹ If the mines were located in Britain, there would be plenty of honest men available, insisted another, “but somehow or other there is something in the atmosphere of Utah so extraordinary that they no sooner get there than they become utterly corrupted.”⁴² Distance brought a certain independence, noted a shareholder of an Anglo-Nevada firm, that “comes over a man when he finds he has neither a soul to be saved nor a stern to be kicked.”⁴³

British investors could point to many examples—often taken out of context—of incompetent or unrestrained mine managers. One enthusiastically reported huge new gold finds that turned out to be iron pyrites;⁴⁴ another purchased a furnace site five hundred miles from his company’s mines, paying \$26,000 for property which had shortly before been offered to an American group for \$11,000;⁴⁵ a third was charged with completely bungling his work at the mines while expertly “smelting” all the silver out of shareholders’ pockets.⁴⁶ Others were accused of neglecting their jobs in favor of the whiskey shop or the billiard saloon or to engage in riding, hunting, or what has been described as “the gallant pursuits.”⁴⁷ Many were condemned for their failure to submit regular accounts and for keeping the home office unin-

40. *The Statist*, Dec. 3, 1887; *Mining Journal*, Jan. 18, 1873, 60; Richmond Consolidated Mining Company, Ltd., *Annual Report*, year ending Feb. 28, 1900.

41. Report of meeting of the Saturn Silver Mining Company of Utah, Ltd. (Jan. 12, 1874), *Mining World*, Jan. 17, 1874, 139.

42. Report of meeting of the Flagstaff Silver Mining Company of Utah, Ltd. (April 16, 1874), *ibid.*, Apr. 18, 1874, 715.

43. Report of meeting of the South Aurora Silver Mining Company, Ltd. (Nov. 6, 1872), *ibid.*, Nov. 9, 1892, 1681.

44. Report of meeting of the Saturn Silver Mining Company of Utah, Ltd. (Dec. 9, 1872), *ibid.*, Dec. 14, 1872, 1928-1929.

45. *Ibid.*, March 7, 1874, 470.

46. “Englishman” to editor (Feb. 17, 1874), *ibid.*, Feb. 21, 1874, 371.

47. *Ibid.*, Dec. 6, 1873, 1151. See also: *Mining Journal*, Aug. 29, 1874, 931; *Colorado Miner*, June 25, 1887.

formed for months at a stretch. At the same time, others could be criticized for their casual misrepresentation of the condition of the company property: success was around the immediate corner, they almost invariably predicted. One more small capital outlay would assuredly lead to lush profits.⁴⁸

In attempts to solve the problem of control across distance, British firms utilized several approaches, but none with unabridged success. They endeavored to hedge in their managers with intricate but unenforceable regulations demanding strict and regular accounting of all work done and every shilling spent.⁴⁹ They tended to pay higher salaries in the misplaced assumption that more pay meant superior men. They sometimes put reputable British engineering firms in charge, but this meant extra costs. They dispatched roving directors to keep an eye on the mines from time to time, but the typical uninformed "guinea pig" director⁵⁰ could easily be misled by any ordinary manager. Never, throughout the period, did British absentee owners find a satisfactory method of choosing and retaining competent supervisory personnel over whom real authority could quickly and readily be exercised.

If by chance an Anglo-American concern were fortunate enough to have acquired paying property, had sufficient capital to work it, and a trustworthy manager of ability, it might well be sure of being dragged through legal proceedings of some sort. With the first rays of prosperity in flocked the vultures of the mining world, eager to pick clean its corporate bones. A discouraged British investor and visitor to the Rockies commented in 1879:

In the present miserable state of the mining laws in Colorado, any English capitalist is a downright fool to buy a mine in this district; for the moment he proves it a good one, all the

48. See: Tarryall Creek Gold Company, Ltd., *Annual Report*, year ending June 30, 1891; Poorman Gold Mines, Ltd., *Circular to Shareholders* (June 28, 1901); Alfred H. Oxenford to William Read (London, July 10, 1891), Read Mss, Bancroft Library.

49. See, for example, Eberhardt and Aurora Mining Company Ltd., "Committee's report on system of returns on working at mines," (n.d.), Read Mss.

50. The term "guinea pig" was applied to men of public stature who joined company directorates for the use of their name and who normally received the sum of one guinea for each directors' meeting attended.

swindling sharks for fifty miles around appear, and combine to oust him legally, or in a few instances even by force. . . . Lawyers in high official positions actually buy claims adjacent to English ones to raise a disputed boundary question. . . .⁵¹

Unfortunately much of the indictment was true. Again and again, British concerns were willing to apply the old adage of "if you can't lick 'em, join 'em," and were inclined to compromise and purchase adjoining claims rather than risk expensive litigation.⁵² Those preferring to fight their cases through the courts found this avenue costly and not always certain. In the twenty-seven months prior to September 30, 1886, the Arizona Copper Company, Ltd., recorded legal expenses of \$23,544.42.⁵³ In a quarter of a century of running litigation with an American claimant, the Montana Mining Company, Ltd., expended an estimated \$400,000 in defense of its title, only to lose the decision and its property in 1913.⁵⁴

To be sure, litigation was the bane of the mining world and was by no means confined to British firms in the West. But English companies, because of their general lack of familiarity with the labyrinths of American mining law, were particularly susceptible to legal ensnarlements. The adverse effects of this were to act as a brake to discourage investments from abroad, as well as literally to force a number of concerns from the western field.⁵⁵

Probably federal restrictions did not deter investments or bring corporate failure to any great extent, except indirectly, protests of interested bystanders to the contrary notwithstanding. By law no alien or alien corporation could locate a mining claim or obtain a patent directly from the government, although a foreign concern could always acquire pat-

51. Samuel N. Townshend, *Colorado: its Agriculture, Stockfeeding, Scenery, and Shooting* (London, 1879), 63, 64.

52. Report of meeting of the Richmond Consolidated Mining Company, Ltd. (Dec. 8, 1872), *Mining World*, Dec. 7, 1872, 1878; *London Times*, July 20 & Nov. 12, 1872; Statistics of Mines and Mining in the States and Territories West of the Rocky Mountains, *House Executive Document* No. 159, 44th Congress, 1st Session (1875-1876), 298.

53. Arizona Copper Company, Ltd., *Annual Report*, year ending Sept. 30, 1886.

54. Report of the Extraordinary General Meeting at Merchants' Hall, March 18, 1913, reprinted from the *Mining World*, March 22, 1913.

55. *Colorado Miner*, May 15, 1875; North American Exploration Company, Ltd., *Annual Report*, year ending Dec. 31, 1898.

ented property from an American citizen.⁵⁶ In actual practice because decisions of the Land Office and of federal courts were not ordinarily enforced,⁵⁷ British firms often left title in American hands while patents were being obtained.⁵⁸ But rather than resort to this subterfuge and run even the slightest risk of confiscation, many English companies were careful to purchase patented claims at the beginning. Thus, since patented property was more expensive than unpatented, federal mining laws indirectly contributed to boosting prices against foreign firms. Attempts of the Foreign Office to intercede in favor of modification that would permit aliens to obtain patents directly met with no success.⁵⁹

The controversial Alien Land Law, which in 1887 technically barred any foreign citizen or corporation from acquiring or holding real estate in the territories,⁶⁰ presented no real threat to British mining interests. It was not retroactive and might easily be evaded by leasing rather than buying property or by the established device of leaving title in the name of subsidiary concerns or American managers. Thus, when the Buster Mines Syndicate, Ltd., was formed in 1892 to acquire copper interests in Arizona, the promoter agreed to give the company a ninety-nine year lease immediately and full title "as soon as Arizona is admitted as a State"—all for the bargain price of \$32,000.⁶¹ Another Anglo-Southwestern concern, the Harquahala Gold Mining Company, Ltd., a year later signed a working agreement with an American firm, paying £270,000 in exchange for 97½ per cent of the firm's profits for a period of forty-two years.⁶² Although

56. Act of May 10, 1872, 17 *U.S. Statutes*, 91, 94.

57. *Lee v. Justice Mining Company*, 29 *Pacific Reporter* (1892), 1020-1021; 10 *General Land Office Decisions* (1890), 641-642.

58. *Mining World*, Nov. 22, 1873, 1044; *Mining Journal*, Aug. 15, 1874, 889; De Lamar Mining Company, Ltd., Memorandum of Agreement (March 2, 1891) between the Mining and Financial Trust Syndicate, Ltd., and Thomas Major, C.R.O. 33492.

59. See: *Congressional Record*, Jan. 11, 1875, 361; Sir Edward Thornton to Lewis Chalmers (Washington, Jan. 31, 1875), draft, F.O. 115/596; Lord Derby to Thornton (London, March 11, 1876); Thornton to Derby (Washington, March 27, 1876), F.O. 5/1543.

60. Act of March 3, 1887, 24 *U.S. Statutes*, 476-477.

61. Buster Mines Syndicate, Ltd., *Prospectus* (1892). On the back of this prospectus is written in ink the Memorandum of Agreement (April 3, 1892) between Frederick C. Beckwith, the vendor, and James Shearer, representing the company.

62. Skinner, *Mining Manual* (1894), 159; Harquahala Gold Mining Company, Ltd., Memorandum and Articles of Association, 1, C.R.O. 39025.

territorial legislatures complained bitterly that the act was blocking much British investment,⁶³ over twice as much British mining capital came into the territories in the three and a quarter years immediately following the law's enactment as came in the corresponding period just before.⁶⁴

Failure, then, might be attributed to any one or a combination of several causes, of which federal policy was unimportant: a certain amount of chicanery—or at least misrepresentation; overcapitalization, yet a lack of working capital; exorbitant prices paid for property; the perils of management across vast distances; and the perplexities of American mining law. More basic was the fact that mining in general is fundamentally the story of risk. There was much truth in the old miners' proverb that only a fool predicted beyond the end of his pick. An innate gambling spirit and the hope of striking the mineralogical jackpot prompted many an investor to plunge on the market, often with little distinction between undeveloped mines and those actually producing. British investment was but part of the larger whole; part of the unchecked plundering of America's natural resources at an unprecedented rate; part of what Vernon L. Parrington calls the "Great Barbecue." Human nature being what it is, if investors—British or otherwise—stood too close to the pit and were singed, that was not unexpected.

BRITISH JOINT-STOCK COMPANIES REGISTERED TO
OPERATE MINES OR MILLS IN ARIZONA AND NEW
MEXICO, 1860-1914⁶⁵

<i>Companies formed to operate in Arizona</i>			<i>Nominal</i>
<i>Name of Company</i>	<i>Year</i>	<i>Active?</i>	<i>Capital</i>
Anglo-American Copper Company	1905	Yes	£ 2,100
Argyle Mining Company*	1900	No	100,000

63. See Memorials to Congress in *Laws of Montana Territory*, 15th Extraordinary Session (1887), 111-112; *General Laws of the Territory of Idaho*, 15th Session (1888-1889), 70-71; *Laws of the Territory of Utah*, 28th Session (1888), 220-221; *Laws of New Mexico*, 28th Session (1889), 364.

64. Six companies, capitalized at £1,150,000, were formed in the period just prior to the enactment of the law; sixteen, with a capital of £2,934,000, in the comparable three and a quarter years following. Dakota and Montana have been excluded because of their statehood beginning in 1889.

65. Companies whose names are followed by an asterisk were registered in Edinburgh; the remainder were registered in London, except for *Omnium Français Minier, Ltd.*, which was incorporated in the Isle of Guernsey. Indentations represent reconstructions of earlier companies.

<i>Name of Company</i>	<i>Year</i>	<i>Active?</i>	<i>Nominal Capital</i>
Arivica Mining Company	1869	No	200,000
Arizona Consolidated Copper Mines	1899	Yes	150,000
Arizona Copper Company*	1882	Yes	875,000
Arizona Copper Company*	1884	Yes	715,000
Arizona Mortgage Corporation	1899	No	10,000
Arizona Trust and Mortgage Company	1883	Yes	360,000
British Arizona Company*	1913	Yes	25,000
Buster Mines Syndicate	1892	Yes	15,000
Canada Del Oro Mines	1891	Yes	30,000
Tucson Mining and Smelting Company	1894	Yes	20,000
Catalina Gold Mines	1893	Yes	25,000
Catoctin Silver Mining Company	1891	No	25,000
Clifton Arizona Copper Company	1900	Yes	10,000
Clifton Consolidated Copper Mines of Arizona	1901	Yes	500,000
Clifton Gold Mining Company	1894	No	2,000
Clifton-Morenci Syndicate	1910	No	20,000
Cochise Mill and Mining Company	1892	No	30,000
Colorado Copper Company	1867	No	150,000
Continental Finance Syndicate	1902	Yes	12,000
Copper Queen	1884	No	500,000
Copper Queen United	1885	No	350,000
Elkhart Mining Corporation	1900	Yes	300,000
Globe Mineral Exploration Company	1898	Yes	50,000
Gold-Basin Mining Company*	1896	No	150,000
Golden Reefs	1895	No	50,000
Golden State Mines	1897	Yes	100,000
Grand Canyon Mining Company of Arizona	1890	Yes	75,000
Harquahala Gold Mining Company	1893	Yes	300,000
King of the Hills Gold Mining Company	1899	Yes	80,000
Jersey Lily Gold Mines	1895	Yes	150,000
Kaiser Gold Mines	1888	No	200,000
Keating Copper Syndicate	1913	Yes	11,000
Leland Stanford Gold Mining Company	1895	Yes	60,000
Lynx Creek Gold and Land Company	1890	Yes	80,000
Lynx Creek Gold Mining Company	1896	Yes	50,000
Mammoth-Collins Gold Mines	1895	Yes	100,000
Mammoth Gold Mines	1889	Yes	500,000
Mineral Hills Copper Syndicate*	1900	Yes	5,000
Monte Cristo Mining Company	1900	Yes	100,000
Morenci and General Trust	1900	Yes	50,000
Morenci Copper Mines	1899	Yes	100,000
New Arizona Syndicate	1912	No	2,000

<i>Name of Company</i>	<i>Year</i>	<i>Active?</i>	<i>Nominal Capital</i>
New London Mining Company	1907	Yes	20,000
Northern Syndicate	1887	Yes	25,000
Old Guard Mining Company	1887	Yes	200,000
Occident Gold Mining Company	1912	Yes	20,000
Omnium Francais Minier	1903	Yes	320,000
Prescott Development Company*	1895	Yes	100,000
Ray Copper Mines	1899	Yes	360,000
Rich Hill Gold Mines	1892	No	80,000
Santa Catalina Gold and Silver Mining Co.	1888	No	225,000
Silver Bell Mining and Smelting Company	1890	Yes	170,000
Spanish King Mining Company	1912	No	1,000
Star Syndicate	1889	Yes	not set
Storm Cloud Gold Mines	1888	No	100,000
Storm Cloude Syndicate	1893	No	50,000
Syndicate No. 1	1899	Yes	1,000
Tinto Copper Mines	1895	Yes	100,000
Tubac Mining and Milling Company	1870	No	50,000
Tumacacori Mining and Land Company	1879	Yes	no information
Sonora Company	1874	No	1,000,000
Turquoise Syndicate	1905	No	100
United Arizona Copper Company	1902	Yes	200,000
Victorian Mine Syndicate	1890	No	not set
Western Syndicate	1887	No	25,000
Total for Arizona			£9,686,200
<i>Companies formed to operate in New Mexico</i>			
Aztec Gold Mines	1893	Yes	100,000
Carlisle Gold Mining Company	1886	Yes	200,000
Cerrillos Mining Company	1889	Yes	40,000
Geronimo Gold and Silver Mining Syndicate of New Mexico	1899	Yes	20,000
Golden Leaf	1889	Yes	350,000
Grand Central Silver Mines	1891	Yes	200,000
Lady Franklin Mining Company	1886	Yes	200,000
Little Wonder Gold Mines	1900	No	30,000
London and New Mexico Company	1883	No	1,000
New Mexican Copper Company	1898	No	100,000
Turquoise Mines (Calaite)	1900	No	60,000
Turquoise Syndicate	1897	Yes	10,000
Total for New Mexico			£1,311,000
Total for New Mexico and Arizona (79)			£10,997,200