LONDON LETTER.

Finance.

26 July, 1900.

The Bleachers' Association is something like an industrial combination. Its capital is $30,000,000, and it has also a 4 1-4 per cent. fire mortgage debenture stock of $11,250,000. Altogether, 53 undertakings are amalgamated, and the principal business of the combine will be the bleaching and finishing of cotton piece goods of every description. No dyeing of the Bradford class will be carried on. It has been favourably received by the press of the country.

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I should almost think that the Scottish whiskey trade has passed the worst of its bad times. The shock of the collapse of the speculative boom, accompanied by the failure of Pattison's, Brickmann's and a crowd of other distilleries, is passing away, and although the face value of the 21 preference stocks quoted at the Edinburgh and Glasgow Stock Exchange shows a depreciation of $1,140,625 (the face value being $10,200,000), there are signs of a slow and painful recovery.

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Railway dividends are being announced rapidly now, and generally the worst fears of the market are confirmed. Working expenditure races up. Back in the sixties it took about 48 per cent. of the gross receipts. In the middle of the seventies it had risen to 55 per cent. Then there was a gradual decline in the ratio until 1880, when the figures were about 51 per cent. There was scarcely any change for a few years, but, from 1890 onwards, there has been a steady increase from 54 per cent. to about 60 per cent., which is probably how the general ratio will work out for the current year.

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It must not be forgotten that the increase in the ratio of working expenses has accompanied a very considerable expansion in the revenue. Lately the rise in coal prices has been the principle adverse feature. Two companies paid $220,000 more for their coal during the last half year, and will pay $550,000 more during the current half year. Naturally dividends shrink or vanish into the air, and the market value of the shareholders' holdings relapse. The amount of the ordinary capital alone of British railways is $2,500,000,000. The market value of this has sunk since the beginning of the year to $2,000,000,000. These disastrous figures speak for themselves.

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On the other hand, the late half year has been one of almost unprecedented prosperity for banks and discount houses. Four of the principal purely London banks show an aggregate profit for the half year of $2,850,000, against $1,735,000 for the first half of 1895, since which year there has been a continuous rise. Discount companies have the same tale to tell. Two of the largest, the National and the Union show combined profit of $535,000, against $380,000 in 1894, since which year there has been a perpetual rise in their profits. During the last half year they have been able to borrow money from day to day, at an average rate of 2 17-20 per cent. and use it for discounting bills at an average of 3 11-20 per cent. Naturally these were profitable times.

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Home industries are beginning to palpably show the effect of the various factors conspicuous or vague which are making for a contraction of trade. The prolongation of the South African war, the crisis in China, the famine in India, the high prices of coal and raw materials, the international money position, all are working to an end, the precipitation of that slump in trade which occurs at the end of almost definite cycles and which nobody as yet has been able to fully explain.

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Manchester is going to be the principal sufferer in the immediate future. Pretty nearly every country in the world has her own cotton mills, and when China settles down again, we can safely prophesy that the few cotton mills there will be multiplied in an alarming fashion.

Insurance.

Foreign insurance companies, British amongst them, have had a lot of difficulties put in the way of their doing business in Scandinavian countries. Norway recently passed an insurance law which greatly impeded the business of foreign companies in that country. Denmark had one also in view, but a Ministerial crisis prevented it shaping into an Act of Legislation. Since 1897, Sweden has been discussing off and on another such legislative proposal, but it has so far come to nothing.

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Now the three governments have appointed a joint commission to consider and report upon the question of formulating ideas for the introduction of uniform legislation on the question of the treatment of foreign (and native) insurance companies. One cannot help thinking that if some of these governments would kindly leave their insurance companies, home or foreign, alone it would be to the distinct advantage of the people who support those governments. Who are those gentlemen who are alleged to have sufficient wisdom to put three nations right upon the question of insurance?—and in their spare time, too!

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As insurance companies find that the getting of business in the line for which they were originally inaugurated grows more and more expensive or difficult, they start asking Parliament for extensions of their memoranda of association. Latest instances of all is the Employers' Liability Assurance Corporation. Cut-up prices and reckless competition are knocking all the interesting points out of its original business.

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Therefore an important petition is awaiting the approval of the Chancery Court. Some time ago the shareholders assented to an extension of the varieties of business which their company might transact. Now it is proposed to apply for power to transact fidelity guarantees, limit and agency risks,