Correspondence.

We do not hold ourselves responsible for views expressed by correspondents

LONDON LETTER.

FINANCE.

29 November, 1900.

The publication of the annual official particulars about joint stock company liquidations has given a new impetus to the discussion of the merits and demerits of the new Companies' Act. The company mortality returns themselves are astonishing. Last year 1793 limited liability companies came to, what was perhaps after all in many cases, a timely end Do accurate figures exist whereby we can discover exactly the amount of money lost or even how many of the concerns were hopelessly insolvent. Working on a rough and ready method the Inspector-General in Company Liquidation estimates that 1,345 of the "dead 'uns" means pretty nearly total loss to the subscribers and represented in currency the total lost capital would be $105,000,000 money subscribed by the public and $135,000,000 shares taken by vendors as part or all the purchase price in forming the company.

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I wonder whether the patient reader of this letter so far will have been struck by the thought which struck me. It was this. Accelerated mortality in physical organisms is almost invariable accompanied by increased fecundity. It's a curious truth. Look how births multiply after heavy wars. It seems to be much the same with joint-stock companies. In the eight years ended last December, no fewer than 30,061 companies were registered. This means that on the average, every day it was open, Somerset House had to register between eighty and ninety new concerns. Against this may be placed the amount of capital concerned in the liquidations of the same eight years—$2,019,883,685. Of this amount, I take it (upon the same rough-and-ready method as before) some two thirds was utterly lost. The remainder was concerned in reconstructions and amalgamations, and a part would be contracted off for realisations.

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Upon the other point—the increased attention now being paid to the new Companies Law which comes into operation with January—there is this to be said. The Act receives very little favorable mention. We are all of course prepared to admit that it is a step ahead. But, oh such a little step. When the Bill was first laid before the House of Commons it was a substantial and far-reaching measure, but debate after debate followed with the inevitable result of serious emasculation.

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Now that the measure is on the statute-books it stands as an example of what might have been. True, it demands the inclusion of more facts in prospectuses than has hitherto been the custom, and a little more work is laid upon directors. But after all there are other ways of raising money than by prospectus and I have not the least doubt that should the company legists become too exacting with regard to the prospectus the wily promoter (and his name is Legion) will find many other ways.

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Tube Mania is keeping within bounds so far. Here in London, as I fancy I have said before, we have three underground electric railways (now known as tubes) in operation, several more in course of construction and still more authorized. Then, before the new Parliament will be laid eleven other schemes. The Central London has done very well, and hence the signs of an incipient boom in these things. Are we going to have a repetition of the railway mania of the Forties only, this time, confined to the metropolis? It looks like it. Chicago Yerkes is on this side with his head full of these tubes and for Yerkes to be in the business means "watered" stocks and unloading from the top floor.

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Last week the Hon. Charles Macintosh. ex-Governor of the North-West Provinces of Canada left for home per the Teutonic. Interviewed by a representative of the "Financial Times," he spoke highly of the British Columbian gold fields. But really it is too much to hear any bull of Le Rois, etc., inveighing against over-capitalization! Macintosh is much respected over here, but he should have spared us that.

INSURANCE.

No sooner had we fairly got hold of the new Empire Fire and Burglary Insurance Company and fathomed the depths of its inadequacy than we were treated to a new appearance in the Home Insurance Company, Limited. This is the concern which Frank Urch first brought out in December, 1898. The Home, it may be remembered, also like the Empire ran a giant combination policy. One contract was to cover the insurer against fire, accidents and infectious diseases, and at the same time fill a long-felt want.

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This wholesale amalgation business has been trotted out by all the frosts of the last few years, the Sovereign and the Castle being two of the dead-and-gone examples. The Home, however, appears to have been bathed and dressed up anew, for from the front page of the present prospectus, I miss a few of the names on the first. The Hon. Hanbury-Tracy resigned the chairmanship and was followed by Sir Thomas Thornhill, who, in his turn, has been followed by W. McCowan-Whilom, public analyst of Greenoch.

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I chanced upon a group of insurance men yesterday and our talk turned upon war risks and especially those in connection with the Boer campaign. Considerable surprise was expressed at the comparative fewness of the serious fires in Johannesburg. Have we not had it drilled into us that a crop of fires always follows a run of bad trade—a most curious law of nature. But in the gold-reef city the usual has been missing. There is little time of course. It is not thought that the burning of the farmhouses in the course of the war will, in any way, seriously hurt offices with home connections. Chances of that kind were shed before the war opened in many cases.