

SUMMARY

GENERAL THEORY OF THE VALUE OF RIGHTS

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The generally accepted theories as regards the value of rights and its importance proceed from special suppositions regarding the factors which determine the value of a share and regarding the yield of the new capital in the case of new issues.

In deviation from this a general theory has been developed of the value of rights with the aid of a simple algebraic analysis, supported by an isoquant diagram in which the suppositions are restricted to the absolutely necessary minimum. In this way it is proved that, assuming the values of the share — *ceteris paribus* — to be indirectly proportional the number of shares placed, the value of the rights always fully compensates the depreciation in values which the shares that have already been placed will undergo as a result of issuing at a price lower than the highest one possible.

Next an exposition is given of the generally accepted theories as regards the value of rights. Thus the theory of the expansion reserve as developed by Th. Limperg Jr., the theory of the yield value, which may be considered to be represented a.o. by Arthur Stone Dewey, Lester V. Plum, Joseph Humphrey, Eugen Schmalenbach and A. G. M. van Keep and finally the theory of the intrinsic value are discussed. Of each of these theories the special suppositions from which they proceed are examined with the aid of the analytical method, the tenability of these suppositions being subjected to a critical examination.

Finally it is pointed out that the general theory offered should be considered not as a prognostic instrument, but exclusively as a functional explanation of the value of rights and as a justification in principle of the exemption from taxation of the yield of rights.