

FACILITIES FOR INVESTING IN CONSOLS.

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"Consols" is, of course, the accepted name of the Consolidated National Debt of the United Kingdom, which owes its origin chiefly to foreign wars, beginning practically with those of William III. All foreign nations possess similar debts, whose origin is generally speaking the same, but as regards the debts of India and the Colonies, the debts are often due to the expenditure on Public Works, such as Railways, Harbours and Canals, undertaken by the State for the development of the country in the absence of private capital.

It is not my intention to go into the question of the National Debt as regards its origin; I propose to devote my time this evening to considering the manner in which dealings with the Consolidated Debt of Great Britain and Ireland are carried out, as regards purchase, payment of dividends, and sale.

In the first place it is proper to point out that these national debts of the leading nations have a very high reputation as investments, as they have the credit of the nation for their security, and their amount is very large. I will give a few instances of their amounts.

The British National Debt immediately before the South African War amounted to £684,070,959. In 1903, after that struggle, it stood at £770,778,762. It is now just £755,000,000, the interest on £615,000,000 of which is paid at the rate of $2\frac{1}{2}$ per cent. per annum, but as the price of the $2\frac{1}{2}$ per cent. Consolidated Stock is below par, it actually pays a present purchaser about 3 per cent.

The French National Debt in 1905, amounted to £1,039,386,181, and interest is payable at 3 per cent., at the time of writing they are standing at 96.

The Russian National Debt is not exactly known, it used to be about £700,000,000, but this was before the disastrous

Japanese War, and since then there has been an enormous increase in the amount, and there is said to be a huge floating debt as well, and the interest varies upon different loans. I should place it at £850,000,000 at least. It differs completely from the British and French Funds.

As regards the form of security issued, this varies in different countries, but speaking generally it consists either of stock issued by the Government through its agents, and registered in the names of the proprietors, or of bonds transferable from hand to hand like bank notes, coupons being attached to them to be cut off in exchange for the dividends, which can be collected and cashed in very much the same way as an ordinary cheque. These bonds possess one serious disadvantage: if lost they are just as valuable to the finder as to the actual owner, and hence some countries, such as France, have a system of registering their bonds in the name of the proprietor, by which in case of loss their payment can be stopped as in the case of bank notes.

Notwithstanding this drawback, bonds constitute a very favourite mode of investment for holders of small means. They are generally of comparatively low face value, and can be transferred readily from hand to hand, and thus suit small means. They are not, however, issued for National Debt in the United Kingdom, though they are used by certain Colonies, for instance by Canada.

Under the United Kingdom system the State appoints the two Banks of England and Ireland its agents; they pay the dividends on the stock, and keep a roll or register of the sales and purchases, and of the proprietors' names. The exact form of the register is not known to the public, to whom it is not accessible.

This is the subject upon which I wish to speak, and I fear that in order to make my remarks clear, I must give a short sketch of the bank procedure, and then another description of the system adopted by the great railway and other companies.

The Government system of dealing with Consols consists, as I have said, in delegating to the two Banks of England and of Ireland, all operations connected with sales, purchases, and transfers, and dividends, and so far as I know both Banks have practically the same system. The name of each holder, and the amount of stock held by each must be written in the books kept in Dublin and London, either by the purchaser himself, or by some person appointed by him for that purpose under a power of attorney executed by him.

It is hardly necessary to explain that the register of the holders of Consols is kept at the head offices of the Banks of England for Great Britain, and of Ireland for Ireland. Both Banks have branches in various large towns, those of the Bank of Ireland being exceedingly numerous, no less than

eighty-three branches, and twenty-one sub-offices open on certain occasions, but none of the Irish branches, I cannot speak for the English, have any connection whatever with the department which has charge of the Government debt. Further, just as the Head Offices keep the register of the names of the proprietors, and the amounts they hold, so in like manner only the Head Offices pay the quarterly dividends, the Branch Banks have nothing to do with them, finally, if the stock be sold, and a transfer become necessary from the old proprietor to the new, it can only be carried out in Dublin or London.

It will thus be seen that the office is highly centralised, and it will, therefore, become at once evident that though the procedure may be excellent for the Government as borrowers, and even convenient for persons living in Dublin or London, it involves a considerable amount of trouble to all who live elsewhere. They must either journey to the capital to sign the books, or appoint some one known to them in the capital, who can attend and sign the books for them. This may seem simple for the comparatively wealthy, but it is different for the man of small means living far away in the country without any friends or advisers in the capital, and this is the question to which I particularly wish to address myself this evening.

Unfortunately I have no personal knowledge of the Bank of England procedure, and my remarks are based very much upon the Irish practice. I have been informed that recently the Bank of England has adopted two very considerable improvements:—In the first place the Bank issues to the stockholder a certificate of the amount of the stock he holds, and in the second that the Bank does not wait for a written order, but sends dividends by post, just as other companies do. I must add, however, that the first of this is contradicted by high authority, and that the so-called certificate is practically the broker's ticket used in Ireland.

I am glad to hear that there are some signs of improvement, and in the meantime I will deal with the system now in use by the Bank of Ireland.

One defect becomes evident at the time of investing in Consols, which is a frequent cause of future mistakes—the Bank of Ireland gives no certificate of the investment having been made, such as nearly all companies issue, and the Bank register is not open to public inspection, and hence the proprietor has nothing to show that he is a holder of stock, nor any statement of the amount which he holds.

This I consider a very grave defect for several reasons—For instance it may be useful for a man to be able to show his financial position by documentary proof: further it is useful for his own guidance, and for the sake of those who come

after him, that there should be some evidence available to show what he has done with his money. It is true that the Bank officials will sign what is termed a "broker's ticket," which is in a somewhat involved form, but my experience is that it is frequently not given at all, and that very often, if given, it only contains the name of the proprietor and the amount of the stock without the address, which, as I shall show is of the utmost importance afterwards. Finally, while it is usually a hasty document often prepared by the broker standing at the bank counter, and written with a bank quill, it is of no value whatever as evidence, the stock may be sold next day without its being surrendered, and it is not acknowledged by the Bank in any way.

The omission of the address often leads to serious consequences.—The address of the purchaser is inserted in the Bank Books, and in the case of inquiry, say on the death of a holder, the correct address must be given. If there be any difference, owing to the proprietor having changed his address, then there is trouble.

The system is open to another very serious objection. The Bank of Ireland, and so far as I know, the Bank of England also, makes no effort to discover the owner of unclaimed dividends; the various warrants accumulate for ten years, then the capital with the dividends is transferred to the "Dormant Funds" account, and no one ever hears any more about them. It is hard to give an estimate, but there must be many thousands of pounds lost to families, because no writing or evidence can be found to show where the money was invested. I am only giving my opinion as a lawyer, often engaged in inquiring for, and ascertaining the property of deceased persons, that the number of cases in which Consols are left unclaimed in the Bank must be very great, and that the great bulk of them would never take place if a certificate were part of the routine duty of the Bank. I believe that this is one of the chief reasons why investments in Consols are so rare among the poorer classes. They never see anything tangible to show that there is stock standing in the names of those who are said to possess it, and they much prefer the deposit receipt of the local bank, which is excellent evidence of solvency, to a verbal statement of having Consols, for the truth of which no evidence is forthcoming.

Another difficulty arises in regard to the quarterly dividends. The proprietor must attend at the Bank and sign the Bank Book, and he is then asked his name, and on what amount he claims dividend. It must be borne in mind in connection with this naming of the amount that holdings in Consols are not usually in round numbers of so many pounds, or hundreds of pounds, they are for the most part in broken

sums, representing round sums of cash, say £500 cash invested at the price of the day. Hence if the Funds were at 88½ on the day of purchase, the amount of Stock in the Bank Books would be £564 19s. 5d., a much more difficult number to remember,

This very serious difficulty is remedied to some extent by giving a written order to transmit the dividends by post to some address or other, but my theory is that the dividend warrants should be sent by post automatically, without any special arrangement. As already mentioned I have been informed that the Bank of England has recently adopted the Companies' system of posting all dividends, unless otherwise directed, which is a decided improvement in procedure; as I have already mentioned I can only speak positively for the Bank of Ireland.

We have now to deal with the power of attorney.—Not only has the proprietor to find an attorney, but the deed appointing him to sign the Bank Book must be prepared by the Bank, and executed with more precautions than a deed; there must be two witnesses, and there are elaborate rules as to their social status, and they must give their names, addresses, and descriptions, the last being a frequent cause of difficulty. No one except, perhaps, a solicitor, can imagine how difficult it is for people in humble circumstances to comply with the Bank's requirements, and how frequently the elaborate requirements of the Bank give rise to mistakes and expense.

It cannot be denied that the procedure is intended to secure safety, but the question is whether it is the safety of the Bank or of the investor; it appears to me that the latter is forgotten, both as regards comfort and protection. Caution is an excellent thing in itself, so is regularity of procedure, but both of these, while they are excellent servants are very bad masters. Caution becomes timidity, and procedure becomes pedantry, and a pedantic adhesion to accuracy of procedure is one of the greatest and most plausible obstacles in the way of progress and improvement which can possibly be imagined.

Summarising the Bank of Ireland procedure we therefore have :—

1. The name of the holder must be written in the Bank Books either by himself or by his specially appointed attorney.
2. The Bank gives no receipt or certificate.
3. Transfers must be made at the Bank personally, either by the owner, or by his attorney specially appointed.
4. Dividends must be applied for at the Bank personally, unless written directions to forward them by post are lodged at the Bank.

5. Unclaimed dividends are allowed to accumulate, and no notice of the fact is sent to the proprietor, and eventually the stock and dividends are transferred to the Dormant Funds Account.

I have now to describe the system adopted by the great railway companies, and by the innumerable joint stock companies.

Practically all these companies divide their capital either into shares or stock. If the capital consist of shares, then the single shares cannot be divided, but they may be of any value, £1, £5, £10, £100, and so on, but no fractions of shares. It is becoming more common than it was to have shares of small denomination, as being more readily negotiable.

If, however, the capital consist of stock, it can be divided in any way, but it is not usual to allow any fractions of a pound. If the stock be at a fractional value, say at $88\frac{1}{2}$, then the exact sum cannot be invested, only the number of pounds nearest to it.

In almost all cases when a proprietor buys the stock or shares of a company, he receives from the company a certificate under its seal that he holds the stock in question, and he is described by name and address in the certificate. It is not, however, necessary for him to attend at the company's office to sign the register, nor is it necessary, if he cannot attend for this purpose, to appoint an agent or attorney to do this for him. All this red tape is completely abolished by all companies. In my opinion they would suffer very seriously in their popularity as investments, if they clung to the Government system. It is only another illustration, if it were wanted—with all respect to those who advocate the State management of railways—that Government methods in commercial transactions are always inferior to the methods of private enterprise. The following is the procedure substituted by the companies:—

If the holder of stocks or shares want to sell them, he has only to find a purchaser, agree on the price, fill up the ordinary transfer, with which most of us are so familiar, and deliver it, with the certificate, to the buyer in exchange for the purchase money; the purchaser, having signed the transfer, forwards it, the certificate, and in most cases a transfer fee of 2s. 6d. to the secretary of the company, and in due course the purchaser receives a certificate that he holds the shares in his name.

The deed of transfer only requires a single witness for each signature.

There is no necessity whatever for a broker, provided the vendor can find a purchaser himself. Of course as a matter of fact most purchases and sales are carried out through a broker who charges a scale fee for finding a vendor or pur-

chaser, and obtaining the execution of the transfer, and getting the new certificate, but this is only a question of convenience.

I omit the question of stamp duty on the transfer, because in the case of Consols, stamped transfers are not used, the existence of stamp duties in the cases of ordinary investments slightly complicates matters, but not seriously, as the transfers can be bought ready stamped.

From first to last there is no signature in the company's books, nor any power of attorney.

Furthermore there is no necessity to attend at the company's office, and sign the books in order to get the dividend. The secretary of the company sends by post a warrant describing the stock held, and to the warrant is attached a crossed cheque for the amount of the dividend, and the proprietor simply lodges the dividend with his banker like any other cheque. If he has not a bank account he can endorse it over to a neighbour who has, and who will cash it for him. I have never known any difficulty experienced in this country in doing this.

I think that everybody will admit that the issue of a certificate of the investment is a very proper precaution, as it serves to remind the owner of the amount he possesses, and in some cases it may be used as a ready means of proving financial resources, or as security for a temporary loan. But, above all, the certificate system is simply invaluable in enabling executors to trace the investments of a deceased person. I am sure the certificate is not kept back in order to repudiate the debt if possible, but there can be no doubt that large sums are lost to next-of-kin by there being no trace of the holding of Consols, and I believe that this is largely the cause of the distrust and ignorance of them as an investment which is undoubtedly prevalent among the poorer classes.

Summarising the procedure in the case of companies we, therefore, have :—

1. A certificate of stock or shares given to every proprietor, and surrendered by him on parting with his stock or shares.
2. No power of attorney.
3. No attendance at an office to execute a transfer, but transfers by ordinary deed.
4. Payment of dividends by cheques sent by post.

I have avoided commenting upon the Bank procedure until I had put before you the procedure adopted by the railways and other great companies.

The broad distinction between the positions taken up by them and by the Government agents, is that the former recognise that the money on which the dividends are paid belongs to the shareholders, and the procedure is regulated to suit their convenience, while the Government would appear to be under the extraordinary delusion that the positions are reversed, and that the people who buy the stock, and who ought to get the dividends, are not entitled to any consideration.

It is, however, quite unnecessary to labour the point ; the broad fact that the great companies of the country have thrown these regulations overboard is to my mind a sufficient proof that they are considered unsatisfactory, and undesirable. I have no exact knowledge of the original financial system adapted by railway and other companies, but I have a certain amount of evidence to show that it has been as much altered in modern times, as the old system of booking seats for a railway journey, which is now done by ticket. Probably everything else has been as much changed.

We have thus seen that the system of the Bank and of the Companies generally differ very materially—the one gives no certificate, requires the name of the stock-holder to be entered by himself in the bank books, or written by his agent, and pays dividends on personal attendance unless special arrangements are made, The others give a certificate, scuff irreverently at a power of attorney, and send the dividends by post.

There can be no two minds which is the simpler procedure, but there is one point which the Bank might make, and that is, that a person might be fraudulently deprived of his stock if the name of the vendor were not written by himself in the Bank books, and that among the multitude of holders this would be very likely to occur. There is, of course, this possibility, but the same possibility has been met in the case of companies by the Forged Transfers Acts, and as regards knowledge of the immense number of proprietors the amount of capital represented by the companies is far greater than the National Debt itself. If the companies can cope with the difficulty without fettering their procedure, it stands to reason that the two great Banks should be able to do the same.

I come now to the effect of all these precautions:—I regret to say that so far as I can see their effect is wholly detrimental. I believe that many persons regard investments in Consols as eminently undesirable. The dividend system gives them trouble, and the absence of the certificate deprives them of the sense of holding a security. In particular the poorer classes resident in the country have no means of obtaining reliable information, nor have they anyone in the capital whom they can confidently trust with their hard-

earned savings. When one comes to consider the matter calmly, it is possible, I think, to understand that if a man sends £500 to Dublin to be invested in Consols, and the broker selected carry out the investment, it is only fair, in justice to the broker, that he should be able to furnish to the client some proof that he has duly carried out the transaction. The "broker's ticket" is no use whatever. It is true that the precaution may not be required by the well-informed, and highly educated, they know the system by experience and education, and understand how these investments are made, but my theory is that Consols should be accessible to all, particularly to the comparatively poor, whose object in saving is to secure safety of investment, and just as they are ill-informed, so the procedure should be clear, simple, and complete as possible, so that they may have confidence in it. Only £30,000,000 out of a total of £740,000,000 Consols is held in Ireland, including the investments of rich and poor taken together, and the amount on deposit account in the Irish Banks is actually one million more than the total holding in Consols.

I was to some extent led into the investigation which was the basis of this paper by the notorious fact that whereas the British Funds are for the most part held in large amounts, and often only temporarily, pending investment in some more profitable security, the French Funds are held in comparatively small sums by an immense number of investors, who look upon them as savings or hoardings, and never dream of changing them, and I was, therefore, led to make such inquiries as I could into the system adopted by the French.

I have experienced some difficulty in doing this, as in the first place I have no actual experience of the French procedure, and the knowledge is not to be gained from books, and in the second it is always exceedingly difficult to compare the different systems of two countries on any subject, as both are influenced by the national habits of the inhabitants. There is also some difficulty, even to a fair French scholar, in endeavouring to translate technical terms into appropriate English equivalents. For instance I can use "Consols" for "Rentes" but I have no real equivalent for "Grand Livre;" I may term it the Register of Holders of the National Debt, but the "Grand Livre" is a Government register kept at the Treasury, and there is no such record kept by our Government. There are numbers of similar cases.

Making allowance for these difficulties, the following is, I hope, a fairly accurate account of the French system:—

All Government Stocks which are not payable to bearer are entered in the Treasury Register of the Public Debt, usually known as the "Grand Livre," under the names of the creditors or holders.

An extract of this entry is handed to each stock-holder. I will term it a certificate, for this is what it really is, though there are several points of difference.

The extract is entered in duplicate in the Register established by the law of 24th April, 1833, and is authenticated by the endorsements of the Controller of the Debt.

There were formerly District Registries of Funds at the offices of the Receivers general of each Department, but since the 24th December, 1896, no fresh entries have been made in them, and all dealings with the National Debt are being concentrated in Paris.

Originally all certificates of stock, whether in the Central or Local Registries, were registered under the names of the holders, very much like our own Consols, but in consequence of complaints of difficulties, and delay caused by transfer deeds, and the formalities connected with the payment of dividends, the Act of the 29th April, 1831, was passed, which authorised the issue as from the 10th May, 1831, of certificates of stock payable to bearer, and provided with coupons for the interest.

These certificates are signed by the accountants of the General Register, and transfers of them are registered at the office, and signed by the Director of the Registered Debt, and furnished with detachable head or tail-pieces, which are kept at the office, and used for identification when the bearer bonds are converted, if such change be desired, into registered stock.

The decree of the 18th June, 1864, authorised the issue of another form of bonds, known as "Mixed Bonds," which are registered in the owner's name, but furnished with coupons payable to bearer for dividends. This is a very simple way of avoiding the trouble of obtaining payment of the dividends, as the coupons can be cashed at any bank or by a stock-broker, while the dividends on registered stock are only paid on production of the certificate, and each payment has to be noted on the back of the certificate by means of a stamped endorsement—there are ruled spaces on the back of each certificate to last for ten years.

"Mixed Stock" is confined to the Perpetual or Irredeemable Three per cent. Stock; none of the Redeemable Three per cent. Stock is issued in this form.

The lowest denomination of a Stock Certificate, that is the smallest sum to be held, was 50 francs, (say £2), but the law of 17th April, 1822, lowered the minimum to 10 francs, the decree of 5th July, 1848, to 5 francs, and the law of 27th July, 1870, to 3; and 2 francs as a minimum was reached by the decree of 27th June, 1883. It is possible to add one franc to a previous holding provided that the original certificate is not less than 3 francs.

Certificates of 3 per cent. Perpetual or Irredeemable Stock are printed on white paper, those of the 3 per cent. Redeemable on blue. In both descriptions, as already mentioned, a number of ruled spaces are provided on the back of the certificate to hold the official stamps denoting the payment of each dividend for five or ten years.

It may be well to point out here that this is quite different from the English system, under which the dividend is paid in the form of a cheque, for which a receipt is either given at the Bank, or an order given for its being forwarded as a cheque by post, under a special indemnity given by the stock-holder to the Bank against the consequences of the dividend going astray in the post.

The minimum value of bonds payable to bearer was fixed by the law of 1831 at 50 francs, the decree of 29th January, 1864, lowered it to 5 francs, the law of 27th July to 3, and the decree of 27th June, 1883, to 2 francs.

The following are the values of Bonds payable to bearer issued by the Treasury.

Three per cent. Perpetual or Irredeemable Stock, 2, 3, 4, 5, 6, 7, 8, 9, 10, 20, 30, 50, 100, 200, 300, 500, 1,000, 1,500, and 3,000 francs.

Three per cent. Redeemable Stock, 15, 30, 60, 150, 300, 600, 1,500, and 3,000 francs.

The Three per cent. Perpetual or Irredeemable Stock, in addition to Bonds payable to bearer of the same value as the Redeemable Stock, has also "Mixed Stock" already described, in bonds of the same value as the bearer bonds.

Under the decree of the 26th July, 1896, all bonds payable to bearer are issued by the Treasury with coupons attached sufficient for five years, and in the case of "Mixed Stock," with coupons for ten years.

Transfers and Changes.

The sale or transfer of Bonds payable to bearer is effected by simple delivery of the Bond with its unpaid coupons attached.

In the case of registered stock, or "Mixed Stock," property passes by transfers under the procedure laid down by the law of the 28th Floreal year 7, and the decree of the 13th Thermidor year 13.

The certificate of the stock to be transferred is sent with any documents of title which there may be, to the Transfer Office of the Treasury, or to the Office of the Registered Debt. A receipt or acknowledgment is given by the office in return. A deed of transfer signed by the seller or his attorney is sent with the certificate, and the deed of transfer is also countersigned by the stock-broker, who certifies the

identity of the vendor or of his attorney, and the genuineness of his signature, and of the documents of title. Within forty-eight hours, if it be a simple transfer, that is to say if the title be clear, an official announcement is sent to the transfer office, and, on a receipt and discharge given by the vendor or his attorney, a fresh certificate is issued in the name of the purchaser. The original entry in the General Registry (*Grand Livre*) is then cancelled, and a new one inserted in its place.

In accordance with the law of the 21 Floreal year 11, transfers relate back to the last dividend day, either six months or quarterly, the purchaser being entitled to the whole of the accruing dividend, whatever may be the date when the actual transfer takes place.

No charge is made by the Treasury in connection with the carrying out of transfers.

Ever since the 1st September, 1862, consequent upon an administrative decision of the 20th August, 1862, all purchases and sales of Government Stock for private persons sent forward by Local Treasury Collectors General for the Central Office, are dealt with by the members of the Paris Stock Exchange at a special office, or clearing house, established for the purpose.

There are holders of Government Stock in all classes of society, without regard to means or social position. French shopkeepers are generally stock-holders, and although farmers generally buy land, very many of them also buy Rentes; or accumulate their savings in Rentes in order to purchase land. Rentes in some respects seem to serve the purpose of savings banks.

Orders for purchase and sale must be executed by stock-brokers, whether the orders are given by capitalists, or transmitted through intermediaries, such as bankers, exchange-agents, etc.

Orders given in the provinces may be given to the local Treasury Paymaster General in the chief towns of the Department or County. They may also be sent by letter to Paris, or to intermediate places, but in these cases, if the sale be of registered stock, the transfer deeds must be attested by a notary public.

The foregoing is practically a translation from a French stock-broker's notes. It will be seen that the French issue a certificate in the case of stock registered in the name of the proprietor, and they also issue bonds of small or large amounts suited to all purses, while the payment of dividends, which seem to be even more complicated than our own under ordinary circumstances, is met by the issue of coupons which can be cashed anywhere, while the loss of a bond payable to bearer can be avoided by purchasing "Mixed

Stock," which, as I have explained, is registered in the name of the owner in the Grand Livre, while the dividends are payable on the presentation of coupons.

It will thus be seen that, making allowance for different procedure, the French seem to have experienced the same difficulties which I have complained of as existing in the British system, and have modified their procedure accordingly, evidently with the object of encouraging the comparatively poor and uneducated to invest in the Public Funds.

The effect, very naturally, is that the country people of France hold immense sums in Rentes, and I think, as I have already said, that this is an excellent thing for the country, and the people. It gives the holders an interest in the prosperity, attaches them to law and order, and provides good security for the savings of the poor. Above all it gives a certain amount of immobility and steadiness to the stock. Anyone who knows even the rudiments of finance is aware how much steadier a stock is which is held in small quantities by a number of investors. If the stock be held in large "blocks," to use an American expression, a sale or purchase has a sudden and wide-spread effect; if it be held in small quantities the movements are gradual; it is the difference between a fall of snow, and of an avalanche. The French Funds are steadier than the British, let us see how they are held. The French debt of £1,000,000,000 is held by four millions of persons, an average of £250 each; the British debt of £750,000,000 is held by two hundred thousand persons, an average of £3,750 each!

To return to the general subject, and to sum up, I think it will be admitted, after what I have said, that the present system is unsatisfactory, alike for the Government and investors, and it remains to inquire if any, and if so what improvements can be introduced with the object of popularising Consols as an investment for the immense crowd of hard-working honest people who wish to secure their savings for the purpose of supporting themselves in their old age, and making some provision for their families after them.

The advantages would be twofold.—I have already mentioned those accruing to the Government, in regard to the public, I have also mentioned these, but I may add that at present in Ireland immense sums are lying on deposit receipt in the Banks at about one per cent. In 1886 the Banks held no less than £31,000,000 in this way, while the total holding of Consols in the country, rich and poor united, came to £30,000,000.

If I were making suggestions to the Treasury, which, of course, lays down the procedure of the Banks of England and Ireland alike, I should certainly advocate some very sweeping changes.

In the first place I think it is open to inquiry, whether some system of bonds would not be a favourite mode of investment with the public; they are used in most foreign countries, and it would appear to me that they are much favoured by small investors who have just the amount to buy perhaps a single bond, and the coupon system is decidedly popular. If any objection is raised to the fact that bonds may be lost, a system of registration could be framed with ease as in the case of lost notes or with French "Mixed Stock."

As regards Consols, I would practically adopt the procedure of the railway companies: I would issue certificates of stock, I would send dividends by post, I would abolish the ridiculous power of attorney, and introduce a simple deed of transfer.

These are great changes, but I would go further. In Ireland the Bank of Ireland has eighty-three branches in country towns, their names are printed on the bank notes. I would make the agent of each branch bank the agent of the Bank of Ireland, before whom transfers could be executed, and by whom the work of transmitting the transfer to headquarters with the old certificate, and obtaining the new certificate in the case of a purchase, could be carried out, doing away with the necessity for the signing of the Bank Book in Dublin by the purchaser or his attorney; in fact make him a local Registrar of Government Stock. Further I would issue printed directions for the guidance of the public, and have them displayed in every Bank of Ireland branch-bank, announcing the fact. I believe many persons would thus be led to adopt Consols as an investment if they found they could deal with a well-known man in their immediate neighbourhood. Only those who have had actual experience of the difficulties country people find in placing themselves in communication with the capital can imagine the trouble caused by distance. There is rarely a week when I do not get letters asking me where information can be obtained on some subject or other, and I am confident that this is among the reasons why the poorer classes, not only of Ireland, but of Great Britain, are not investors in Consols.

I need hardly say that I would adopt the same system deputed local Consols business to the branches of the Bank of England as of Ireland.

It is curious to notice, and I really wonder that it has not given the authorities a hint, that the Government have shown, in the case of the Post Office Savings Banks, that they are quite aware of the advantage of giving each depositor a certificate of the amount of his holding in the shape of a bank book. It is curious in connection with the certificate question, that I have frequently seen a saving's bank book produced as evidence of solvency. Has it ever occurred to the Treasury how it would affect the depositors in the Post Office Savings

Banks, if it were the custom to take the money, give no receipt and say—"It is all right, we do not give any receipt, but any time you come here, and tell us exactly what you have, to a single penny, and tell us your name and address exactly, as you have done to-day, we will hand it back to you, but unless you name the exact sum to a penny we will keep it for ever."

I fancy that there would be a great falling off in the Post Office Savings Bank business, and yet this is exactly the system adopted with the far larger sums invested in Consols.

The mere fact that the Government, through the Post Office will invest a depositor's savings in Consols, pay the dividends in to his account, and dispose of the stock when he requires his money, is conclusive evidence that the changes I am advocating could be easily carried out. It is actually in operation. All that is wanted is for some one to take the matter up, and bring it before Parliament, in the same way that Mr. Henniker Heaton has succeeded in reforming the procedure of the Post Master General's Department.

It is, I think, greatly to be regretted that the Associated Chambers of Commerce have not pressed the matter forward, It is one with which each member is practically familiar, and one of the utmost importance to the classes they represent, while many of them are Members of Parliament, before which such matters should be brought. The fall in Consols which has taken place recently, since the great bulk of this paper was written (February, 1907), has given additional point to the objections to the present system which I have raised.

Before concluding I wish to mention that I have found the Bank officials willing to assist, but they are merely agents carrying out Government instructions. I have experienced every courtesy at their hands.

I should like to make a suggestion.—We have recently had a great many Commissions of Inquiry—Army Stores, Congested Districts, Land Acts, Poor Law, Railways, Canals, I really think that a small committee of practical men, who would ascertain what is the existing procedure, both here and abroad, in regard to the management of, or mode of dealing with, Government Securities, and who would ascertain the feelings of investors, and particularly small investors, and bring forward a well considered measure of reform, would inaugurate a great public improvement as regards the mode of dealing with Consols, and, finally, I think that these improvements could be carried out with an ease altogether astonishing compared with the benefit which would follow their inauguration.

I cannot tell whether I have succeeded in my effort to show that the procedure of the Bank in reference to Consols is that of a past age, and that the popularity of the great

Government security, Consols, is seriously affected by it. If, however, there be anyone who doubts that Consols are unpopular with the masses, I will ask him one question :—

“ How does he account for the fact that the British Funds, amounting to £750,000,000 are held by two hundred thousand persons, while the French, amounting to £1,000,000,000, are held by four millions ? ”

NOTE.—Since the foregoing paper was read I have found that the National Debt Act, 1870 (33 & 34 Vic., ch. 71, section 26), provides for the issue of Certificates of not less than £50 each, with coupons for interest attached. So far as I know these certificates or bonds are unknown in Ireland.

The fact does not affect the general argument of the paper.

C. A. S.