

security a kind of reflex of the world's politics. There is, moreover, some reason to think that a good deal of recurring weakness is due to the commitments of weak inside speculators. It is generally recognized that there are too many members of the Stock Exchange, and in idle times such as have been experienced during the past two years, the disadvantages attendant upon the over-crowded state of the house become accentuated. Then, again, the yield upon Consols from an investment point of view cannot be looked upon as adequate. Investors are coming to see that they can obtain a sufficient margin of security, together with a much higher yield elsewhere; while the multiplication of new securities of the type of the Metropolitan Water Board, the Mersey Docks and Harbour Board, municipal stocks and so on, cannot fail to have the effect of diverting a very considerable number of investors from the purchase of Consols. Other influences which have a depressing effect upon the market for gilt-edged securities have been fully considered in the "Economist" of June 16 and 23, and we do not propose to dwell upon these points now.

There is, however, one point in connection with the present state of the Consols market which deserves careful consideration, and that is the fact that broadly speaking Consols are not a popular investment with persons of small means. No doubt, the low yield has a great deal to do with this, but it is probable that the duties attendant upon the present cumbersome arrangements for the transfer of Consols contribute a distinct obstacle to the popularisation of this security with small investors. Under existing arrangements, transfers of Government securities (*i.e.*, Consols, Local Loan Stock, guaranteed $2\frac{3}{4}$ p.c. stock, and Red Sea and India annuities) must be made in the Bank of England books by the seller or transferor either personally or by his duly authorized "attorney" at the bank. In the case of sellers or purchasers of Government securities resident out of London, it is, therefore, necessary to appoint an "attorney" or to incur the expense and loss of time consequent upon personal attendance at the bank in London. The expenses incurred in connection with the appointment of an "attorney" are in the case of small holdings somewhat heavy. Powers of acceptance, sale or transfer, or any combination thereof, cost 11s. 6d.; powers for sale of English Government securities where the nominal amount does not exceed £100 cost 4s. In addition to the foregoing charges, the London stockbroker who acts as "attorney" is entitled to make a charge of 1-16 p.c., but it is generally understood that this charge will be waived provided the stock is bought or sold through the broker so acting.

There is, therefore, *prima facie* ground for the contention that the incidence of these charges constitutes an unfair tax upon holders of Government securities resident outside London, and certainly

the present arrangements do not offer any inducements to small country investors. A simple remedy for this inequality might be afforded by the adoption of the common form of transfer (of course without stamp duty) for all Government securities. There might be a considerable expense in connection with the inauguration of this system, as it might not be found possible to maintain the present system as an alternative, but it should not prove costly after it had once been set going. On the other hand, it would meet the objections to the present arrangements, and it would probably constitute a greater safeguard against fraud than is afforded under the existing system. Solicitors, accountants, and others attach great importance to the issue of certificates which would, of course, be necessitated by the adoption of the deed system of transfer. At present holders only receive a banker's receipt, which really means nothing at all though many people regard it in the light of a certificate. It should be borne in mind, moreover, that the common form of transfer has been in successful operation for a great number of years in respect of an aggregate capital sum far exceeding the amount of the entire national debt.

Apart, however, from the question of remedying existing inequalities, the popularisation of Consols is an important consideration as it would unquestionably have a tendency to maintain a more stable price for what has been termed, and probably is, the finest security in the world. And in connection with this aspect of the question, it is instructive to note the fluctuations which have taken place during the past ten years in Consols and French, 3 p.c. Rentes, the price being as follows, viz.:

Year.	Consols.		French 3% Rentes.	
	Highest.	Lowest.	Highest.	Lowest.
1906†	91	86½	99½	95½
1905	91½	87½	100	97
1904	91½	85	98½	94
1903	93½	86½	100½	95½
1902	98	92½	102	90½
1901	98½	91	102	90½
1900	103½	96½	101½	98
1899	111½	97½	102½	98½
1898	113½	106½	103	98½
1897	113½	110½	105	101
1896	113½	105½	102	100

† January 2nd to July 24th.

Here we have an extreme fluctuation of 28½% in Consols and of only 11 points in French 3 p.c. Rentes. Making every allowance for the fact that Consols have during the period named been reduced from a $2\frac{3}{4}$ p.c. basis to a $2\frac{1}{2}$ p.c. basis, and for the wastage caused by the South African war, it is difficult to avoid the conclusion that the greater stability in the market price of French Rentes is, in part, at any rate, due to the fact that in France the Government securities are more widely held than they are in this country, and if Consols could by any practical means be rendered more attractive to investors throughout the United Kingdom, we are inclined to the opinion that the Government might wisely adopt such a policy.