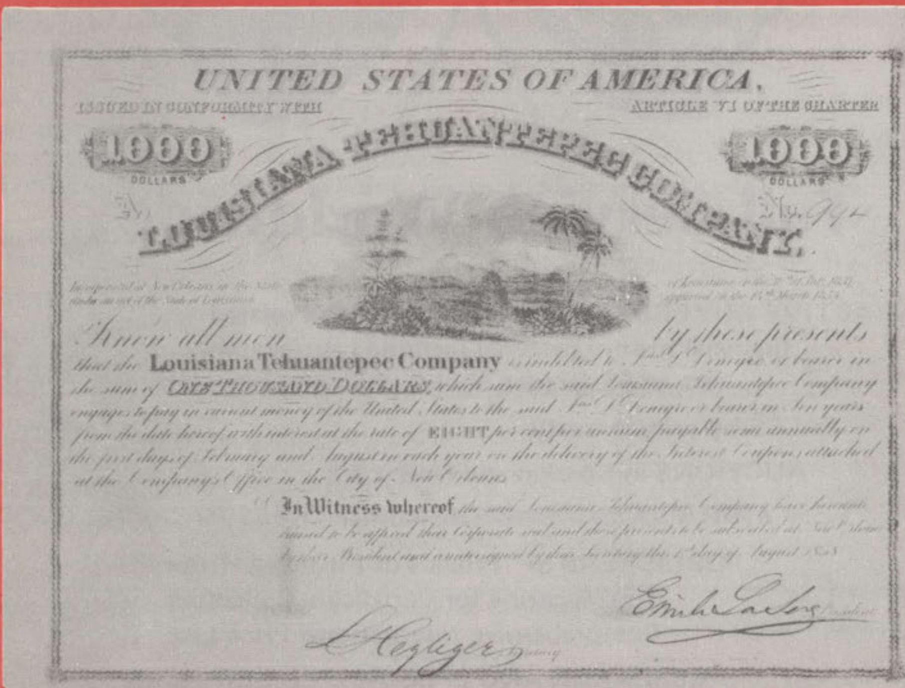
THE BOND & SHARE SOCIETY



JOURNAL 3/82

THE BOND & SHARE SOCIETY

(Established 1978)

Front cover illustration - Louisiana Tehuantepec Company 1858

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SOCIETY NEWS

CONGRESS 1983

Your congress for March 1983 is now being planned in a new West End location and I hope that more members and their families will try to attend.

Items for inclusion in the auction should reach the auctioneer, Jonathan Lyttleton, no later than 27th November 1982.

MEETINGS

in London - These will be held at the Ski Club, Eaton Square, London S.W.1. at 6.15 p.m. on the following evenings:-

Wednesday	- September 8th
Tuesday	- October 5th
Tuesday	- November 2nd
Tuesday	- December 7th

Elsewhere - None reported.

ADVERTISING

It has become noticeable that members are not using the Society Journal for advertising, even though the classified section is free!! In order to encourage the use of the Journal by both collectors and dealers, the rates of advertising have been drastically reduced.

Full page	£25.00
Half page	£15.00
Quarter page	£10.00

Many dealers may not like to use these spaces, so a new size of boxed advertisement has been introduced. At a cost of £3.00 it is ideal for dealers in any country to keep their name in the public eye.

We do **not** need camera ready copy as in the past, anything will suffice so long as it is legible.

STUDY GROUPS

It has been mentioned at several meetings that members should be in closer contact with each other to exchange information, etc. The best method would, in my opinion, be the formation of 'Study Groups'. The object of these groups would be to research their chosen subjects and report their findings in each journal. This joint effort is bound to be more productive and the information obtained would be available to all. To start the ball rolling, the following groups have been formed:-

RUSSIA
LATIN AMERICA
RHODESIA
BRITISH TRANSPORT
INDIA & CEYLON

All of the above fields of collecting are popular and research is already being undertaken by several people. Members wishing to join these groups, or form other groups, please let me know as soon as possible. Other possibilities are American Railways, China, Cornish & Devon Mines, and so on.

EXHIBITION STANDS

It was mentioned in the last journal that the Society had invested several hundred pounds in 10 display stands for use at the annual Congress. In order that some funds are recouped and that the stands are used as often as possible, they are now available for hire as per the table below.

Scale of Rates

	PERIOD OF HIRE		
NO. OF UNITS	2 DAYS	3-7 DAYS	OVER 7 DAYS
	£	£	£
3	30	60	By negotiation
6	45	90	min. rate
10	60	120	3-7 days
Members' Discount	£10	£20	

Notes

1. Not subject to V.A.T.

2. Members' discount applies only if the hirer advertises the Society on one of the units for the duration of the exhibition.

3. The hirer must at his own cost collect the units from and return them to the Society, normally at 56 The Avenue, Tadworth, Surrey.

4. During the period of hire the hirer is responsible for the safe-keeping of the units and for their return undamaged. Damage or loss must be paid for at the rate of £60 per unit.

YORKTOWN BICENTENNIAL

Members may recall reading in Journal 1/82, Haley Garrison's article regarding the special stock certificate issued for the Yorktown Bicentennial. Since then, it has been the pleasure of Brian Mills and myself to present a Grand Jubilee Certificate to Lord Hailsham, Lord Chancellor of England.

We were introduced to Lord Hailsham in his chambers at the House of Lords on 13th July where we sat for some time discussing the special certificate and the Virginia celebrations in general. Lord Hailsham kindly allowed photographs to be taken while Brian Mills presented the framed certificate. Unfortunately, I was the photographer and being a complete amateur, the results were not good enough for reproduction. However, the Lord Chancellor's office kindly supplied an official photograph of Lord Hailsham, which we have reproduced.

It may be of interest to readers to know that copies of all the different certificates are now at the Smithsonian Institute in Washington and the defaced printing plates are on display at the Yorktown Victory Centre, together with a copy of President Reagan's certificate.

THE WHITE HOUSE

WASHINGTON

November 9, 1981

Dear Mr. Garrison:

I just wanted to express my personal thanks for the handsomely framed certificate which I received at the Yorktown Bicentennial Celebration on October 18. It was very kind of you and your fellow members of the Virginia Independence Bicentennial Commission to remember me with Commemorative Share No. 1, and your thoughtful gift will be a reminder of a magnificent visit and a special expression of your friendship.

With my best wishes to you and your associates,

Sincerely,

Ronald Reagan

Mr. George H. H. Garrison, Jr.
Curator of Scripophily
Virginia Independence
Bicentennial Commission
Yorktown, Virginia 23690

Letter from the White House signed by Ronald Reagan thanking Haley Garrison for his commemorative certificate. The U.S. President was presented with share no. 1 on October 18th, 1981 during the bicentennial celebrations

THE SOUTH AFRICAN BOND AND SHARE SOCIETY - Chairman's Report

The first half year of the Society's existence has now passed.

However, before taking stock of the Society's current position, I feel on this occasion it is appropriate to briefly record the events which led up to the formation of the Society.

The concept of a Society in South Africa was originally mooted in June 1981 and more fully discussed at a meeting at my house held on 27th July 1981 attended by members of the Bond and Share Society, U.K., resident in the Johannesburg area and a few other persons who were known to be interested in collecting old Bonds and Shares. Against a background of increasing interest in Scripophily in Southern Africa, this meeting unanimously agreed to form the Society. A Committee was elected and rules drawn up. These rules were referred to the Bond and Share Society U.K. to whom it had been recommended the Society should be affiliated. After minor amendments, the rules were approved and a letter dated 10th November 1981 from the Chairman, Mr. Patrick Berthoud, formally records our affiliation.

Four meetings of members and the Committee took place in the period from formation to 31 March 1982, our financial year-end.

The members' meetings have not yet been as well attended as might have been hoped, but those members who did come benefitted from meeting other scripophilists, seeing examples of other collections and their different themes, discussing market trends and swapping material.

The Committee meetings, after dealing with the initial formalities, concentrated mainly on promotion of the hobby which thus far has included exhibitions at the Collector's Fair and Tradex and articles in the Star and Sunday Express. Africana Notes and News has also featured the hobby twice. Further publicity will be given in the forthcoming year.

As a result of this publicity, the Society's membership grew steadily and stood at 19 at the year end which is encouraging given our short period of existence. We are following up further potential members and I expect the number of members to continue to advance gradually as next year progresses and as the hobby and the existence of our Society become more widely known. Equally the attendance at members meetings should also improve. This is important in order to maintain the momentum of and interest in the Society and I urge all members to make every effort to come.

I realise that this may not be possible for those members living outside the Witwatersrand but a little promotion in their areas (for instance Cape Town) might lead to the formation of separate branches in due course.

Further matters in hand by your Committee include the building up of a history of auction results involving Southern African material and, as longer term projects, the preparation of a members newsletter and consideration of the compilation of a master list, with suitable additional historical information, of all known early South African share certificates. If there is sufficient demand, the Society may make arrangements for the printing of its own album covers and envelopes.

Members will see that the Society has accumulated some cash on hand and because of this the membership fee for 1982/83 has been fixed at R15 - which is a small nominal amount above the basic Bond and Share Society U.K. charge to all members. In this connection, I would like to record our thanks to the Bond and Share Society U.K. for its assistance and guidance in our Society's formation.

I would also like to thank all Committee members for their efforts and in particular Fred Oppenheimer who took over as acting secretary when Anne Oates had to step down earlier this year. A special thank you is also due to Raymond Levenberg, our Vice Chairman, for his ideas and support.

Finally, I feel that much work still needs to be done before our Society can claim to be satisfactorily established and fully effective.

However, the response of members to date and the growing interest in Scripophily in Southern Africa gives me cause for much encouragement.

THE CONTANGO COLUMN

LETTERS

Dear Contango,

Having read the first letter to Contango in the last Journal, I felt that I just had to put pen to paper.

The only point that I wish to comment on is that of the so called 'price cutting'. Once a catalogue has been printed and despatched to hundreds of collectors, it is assumed by them that the price given is that of the market. It does not matter whether the price seems expensive or cheap, the harm has already been done. If the collector sees the same item in another dealer's office at a higher price, he immediately assumes that this is wrong. Not for a minute does he think that the price printed in the catalogue is too cheap and that half the trade may want to buy it as well.

As to marketing, we have all seen what this can do for Bonds and Shares. I am sure that many a collector/speculator is nursing his wounds following the marketing activities of 1979.

By the way, I realise that many people were saddened by Scrip's decision to stop publishing; however, for those who do not know, the magazine 'Friends of Financial History' has incorporated Scrip and Tony Hetherington is now its European editor. I am sure that Mr. Keen? (and naive) collector will agree that the content of 'Friends' is in no way less than that of the old Scrip.

Michael Veissid, R. M. Smythe & Co.

Sorry, can't agree with your comment on Scrip and R. M. Smythe's Friends of Financial History magazine.

There is no reasonable comparison between the two, Scrip was a strictly independent publication, Friends of Financial History is a publishing arm of dealers, R. M. Smythe.

Contango

Dear Contango,

I am somewhat surprised at the naivety of some of the remarks expressed by 'Keen Collector' in your first column. If Scripophily is to flourish, and attract new collectors then it needs a financially strong and active dealer network. This is essential to give the new collector confidence, and the reassurance that if he needs to raise cash for an emergency, he can so do, at a fair price and without waiting three months until the next auction.

The fact of the matter is, that to provide fair working capital, pay all his expenses, including promotions, and still have something in his pocket to live on, then the dealer needs fair margins, and some of the newcomers who have appeared on the scene, are doing more harm to the hobby than good . . . . I wonder what sort of prices they might be offering if 'keen collector' wished to sell.

Old Dealer, Essex.

What's a fair price! *Contango*

NEWS SECTION

An interesting report appeared in the Times newspaper on May 24th, written by Alan Hamilton, concerning the centenary of the arrival in Britain of New Zealand lamb.

The centenary itself with its corresponding celebrations was attended by the Queen and Robert Muldoon, the New Zealand Prime Minister.

The piece itself dealt with the historical background to the arrival at London's East India Dock on May 24th 1882 of a single clipper ship, the Dunedin, which was carrying a cargo of 4,909 refrigerated lamb carcasses and 256 kegs of butter.

Alan Hamilton tells us that on the day in 1882 the Times reported the event with much vigour saying, "Today we have to record such a triumph over physical difficulties as would

Vignette depicting Australian sheep awaiting export from the Central Queensland Meat Preserving Co., debenture, dated 1873.

have been incredible, and even unimaginable, a very few years ago. Had anyone suggested New Zealand would send into our London market 5,000 dead sheep at a time, and in good condition as if they had been slaughtered in some suburban abbatoir, he would have brought on himself a storm of derision".

Of more interest to collectors of old share certificates is the company and its ebullient boss who made the whole affair possible.

One man's dream and hard work resulted in this historic event; that man was Scottish-born, William Davidson, the general manager of the Edinburgh based New Zealand and Australian Land Company. This commercially minded gentleman who watched the population of Great Britain expanding, and its corresponding affluence and desire for meat, decided that as demand grew a new market was need for supply. Both Australia and New Zealand, traditional suppliers of wool, obviously had meat in great quantity, and with the recent invention of refrigeration he saw his chance.

Bell Brothers, Glasgow shipbuilders, built the Dunedin complete with a refrigeration unit and off it went to collect its first cargo.

The company sold their first shipment at Smithfield for £1 1s. a carcass, more than double the price paid in New Zealand. However opposition to the importation of the 'foreign' lamb was fierce under its champion the Duke of St. Albans, but with the rise of the trade to 120,893 carcasses in 1883 and by 1910 the trade representing £5 million, it died away.

Apparently Alan Hamilton informs us that the trade today represents some 42% of our lamb, and this figure is falling annually.

Finally in his conclusion he mentions that the Dunedin clipper ironically sank in 1889 having hit an iceberg!

**** Full attributions to Alan Hamilton and the Times Newspaper Group.**

Before closing this piece it is interesting to look briefly at ice and its use.

In 1806 the ice trade began in a big way in the U.S.A. when a Mr. Tudor of Boston discovered Wenham Lake and fresh and spring ponds about 18 miles from the City. By 1841 there were some 16 companies operating in Boston alone, by far the largest was the Wenham Lake Co. Great Britain got her ice from Christiania in Norway by means of importation handled by the Wenham Lake Co.

By 1855 the U.S. trade was booming with 305,000 tons alone stored in New York for export. The French also had ice speculators, who built ice-homes near Auteuil in the Bois de Boulogne in 1859. However in 1857 an ice-making machine was patented by Harrison and much of the natural trade died away.

As the value of having meat and perishables stored in ice caught on, as well as a rise in demand, refrigeration techniques began to improve.

As perhaps one would expect it was the beef trade in the U.S. which made the early breakthroughs with 'reefers' - or refrigerated railroad cars. By 1872 meat packers such as McCoy and George Hammond were using these methods. There was one snag, every 24 hours the ice had to be replaced as it melted and discoloured the meat, but technology solved all these problems, and by the 1880's the modern household refrigerator was born. And so in some 80 years the eating habits of the West had been transformed, with the importation of New Zealand lamb just a step along the way.

SOCIETY TIE

It has been proposed that the Society should produce and market a special Bond & Share Society tie for members.

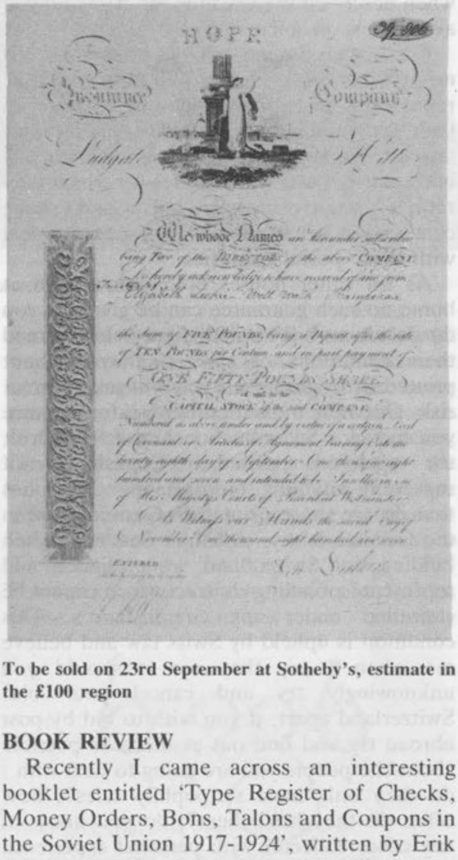
Produced below is a mock-up of your average tie; what the Committee wants are ideas as to its appearance, so get out your crayons and send the results to the Editor, marked "Tie reply".

P.S. We are still looking for a suitable Society motif, any ideas ?

OTHER NEWS

Sotheby's hope to hold another sale of a small select section of Bonds in their 23rd September 1982 general numismatic sale.

All the trade report a general shortage of new material on the market and thus prices, at present cheap, are likely to rise; however with the holiday season in progress this is unlikely to take place before the Autumn.



To be sold on 23rd September at Sotheby's, estimate in the £100 region

BOOK REVIEW

Recently I came across an interesting booklet entitled 'Type Register of Checks, Money Orders, Bons, Talons and Coupons in the Soviet Union 1917-1924', written by Erik Johanson and published by Munk Kiniemen Kopiolaitos, Helsinki 1971. This deals with all sorts of Russian internal financial ephemera, of which much is illustrated. In the bibliography is mentioned a book by N. Kardakoff : 'Katalog der Geldscheine von Russland und den Baltischen Staaten 1769-1950'; must be worth a look,

BIDDING BY POST

For the majority of collectors who cannot put in a physical appearance at the various auctions, bidding by post is the only other alternative - or is it? Still first let's look at the many pitfalls.

There are many horror stories concerning postal bidding : bids being run up to your limit; items received in appalling condition when described as very fine, etc. How do you avoid these problems?

Firstly with the major U.K. houses there is no problem, both Phillips and Sothebys have reputations to maintain, they do not run up your bids and are very understanding with any other complaints you may have. In fact both houses have regular sales for which they receive many postal bids and have commission departments who especially deal with these postal enquiries.

As for other houses both abroad and at home no such guarantee can be given. If you do decide to bid abroad, firstly closely read their conditions of sale; if they are not printed in English then you will take a great risk. One note of caution here, if for instance you bid in a Swiss auction house - beware!, the conditions printed in English do not represent anything binding, the only ones that do are those printed in German, and in the German it says just that. Secondly when bidding in Switzerland your signed bid represents a binding contract which **cannot** be cancelled under any circumstances. This condition is upheld by Swiss law and believe me when I say they use it should you unknowingly try and cancel your bid. Switzerland apart, if you wish to bid by post abroad try and find out as much as possible about the people you are going to deal with : do they only have scripophily sales?; how often do they hold them?; do you know of any other collector with personal experience of them?

When it comes to the condition described in their catalogues you are relying on their expertise and opinion. It really is like taking pot luck as many collectors have already found to their cost.

There is, however, one way of eliminating most of these doubts and pitfalls - your friendly dealer.

Most dealers will bid on your behalf at all the major sales and many of the minor ones, either in person or through an agent. Thus not only can they get the best price for you, but can check on the condition and any other points you wish to raise. Should anything go wrong they are likely to have more clout than you are and so you score again. For this service they will only charge a small commission and for what you will get in return it is money well spent.

Before finishing it is as well to point out that only a small percentage of the auction trade are rogues, the majority are perfectly respectable, but that small group can certainly cost you a lot of money - use your local dealer.

SUPPORTIVE EPHEMERA

In the last year it has been noticeable how much financial ephemera has been available for sale, both at auction and through dealers' lists.

Such articles as insurance policies, some of which date back to the eighteenth century, and many of which have large vignettes gracing their large formats, have recently been available in collectable quantities. As examples of the engraver's art they are superb and add a novelty value to the established scripophily collection. But as a collecting field on their own they are rapidly gaining ground, as their relative inexpensive prices tempt those collectors who find shares becoming too costly. Unfortunately they are not quantifiable and as yet unresearched, but if one steers clear of the larger readily recognisable names, then at least the price paid should hold reasonably steady - the Sun Life, for instance, are very common, even if the date on the policy appears ancient.

Other interesting items such as lottery tickets; issued for the various Government Lottery Loans and for house and liquidated company sales are now available. These too could be incorporated into any collection to add interest, or collected on their own merit.

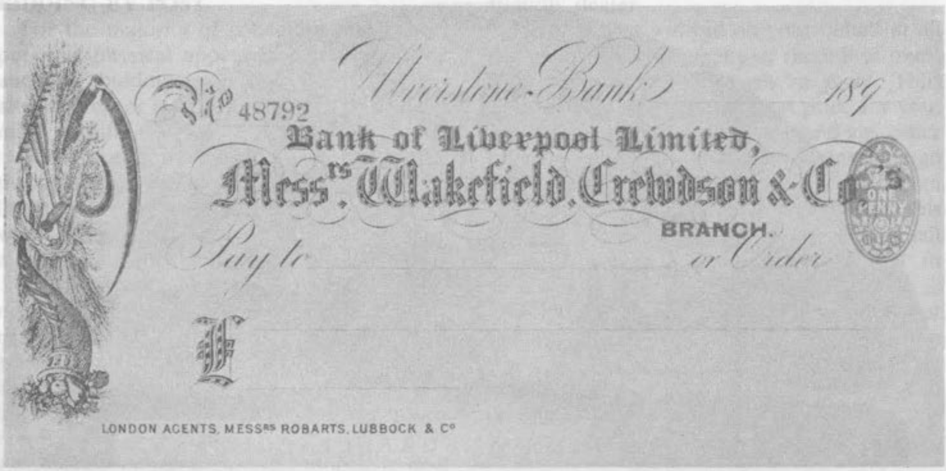
One area of particular interest to collectors of share certificates is that of bill headings and company receipts. These can be bought

Scottish Union Insurance Policy, 1841

very cheaply and many carry interesting vignettes and prices charged for the company's goods on their small formats. If you are selective and lucky you could find the company share certificate to match with the bill heading or vice-versa, together providing an interesting framing combination. Again no research has been completed as regards rarity, etc., but for prices at around £1 it seems unimportant.

For those collectors who specialise in transport themes there is obviously a wealth of supportive ephemera on the market, from maps, books and prints to Acts of Parliament and passenger tickets. But one of the more interesting and perhaps more relevant areas to financial history is that of token coins. These were issued right through the industrial revolution by companies to replace copper coinage which at that time was scarce. They were also issued as collector's pieces to commemorate the building of bridges, etc. There are many available from coin dealers, whose company names are instantly

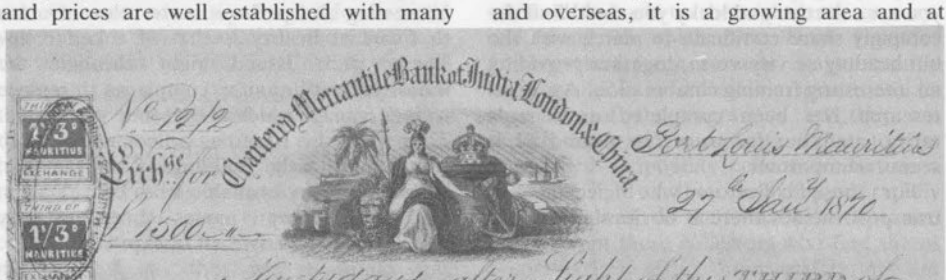
Ticket for the Last City Lottery, 1809



Unused Cheque, 1891

recognisable to the scripophilist, such as the Thames and Severn Canal token. In the main they all carry pictorial representations of the company's particular field of activity. Rarity and prices are well established with many books having been published, so there are no problems in that area.

Several dealers are now offering items classed as supportive ephemera both here and overseas, it is a growing area and at



Bill of Exchange issued in Mauritius, 1870

present prices are cheap, but this situation is bound to change as their true value becomes more apparent. It is difficult to know where to draw the line as to the parameters of scripophily, since it has already entered the field of signature collecting, but as it grows, the demand for a complete historical picture of its various representative company certificates, is bound to incorporate other fields.

Information

There are three dealers who now have such material available, with the exception of the token coins. They are :

- R. M. Smythe & Co. (London & New York)
- Herzog, Hollender & Phillips
- W.H. Collectables

Both Sothebys and Phillips have included such items in their sales and report encouraging response so far (included with sections of scripophily). Overseas Historische Wertpapiere include pieces in their auctions (R. Tschöpe, Dusseldorf).

GLOSSARY OF TERMS

For those collectors who are not directly concerned with financial dealings and find some of the terms used in scripophily confusing, produced below is an explanatory list.

Allotment Letter : Letter from a Company or issuing house giving details of the allotment of shares.
Amortisation : The reduction of a debt through the operation of a sinking fund.
Assented Bonds : Bonds whose holders have accepted the terms of a scheme of arrangement.
Authorised Capital : The nominal capital which is authorised by the Memorandum of Association of the respective company.
Bear : Investor who anticipates that prices will fall; one who sells shares he does not possess in the expectation of repurchasing at a lower price.
Bearer Stocks : Stocks whose registration of ownership is unnecessary for title to pass from one person to another.
Bull : Investor who expects prices to rise; one who buys shares he cannot afford to pay for in the expectation of selling at a higher price before the end of the Account.
Capital Reduction : Scheme requiring the sanction of shareholders and the courts whereby a company whose assets have fallen below the nominal value of the capital can reduce the latter to the appropriate level.
Capitalisation Issue or
Bonus Issue or
Scrip Issue : Issue of shares to shareholders without payment, representing the capitalisation of reserves.
Contango : Arrangement whereby the settlement for securities bought or sold is deferred or 'carried over' to the next account.
Coupon : Literally a small certificate or warrant which is detachable from a bond or certificate and used in exchange for dividends, interest payments, etc. A **talon** also attached to such bonds enables the holder to acquire a further supply of coupons if necessary.
Debenture : Usually a bond issued under seal by a company acknowledging indebtedness on which interest is payable until the principle is repaid, often with certain assets pledged as security, mortgages for instance.
Drawn Bond : A bond of which notice has been given that it will be drawn for redemption.
Face Value : The nominal value which appears on the face of a document recording an entitlement, generally a certificate or bond.
Issued Capital : The nominal value of the share capital that a company has issued.
Paid-up Shares : Shares whose full nominal value has been subscribed by shareholders.
**** Full attributions to the Investors Chronicle.**

HISTORICAL BRIEF

Liverpool Overhead Railway Company

During the 1880's the city of Liverpool in its desire to make locomotion easier and to make transportation in the area quicker and more efficient entertained many unusual schemes. One of these was a proposal to throw a bridge a mile and a half long across the Mersey from the Custom house in the city to the market place in Birkenhad. Whilst Manchester advocated its new Ship Canal, Liverpool responded with a scheme advocating a system of plateways along the roads, along which it was thought that heavy vehicles could be hauled.

The result was the Liverpool Overhead Railway, a scheme which was both bold and novel, and thus re-established Liverpool over her rival Manchester. On the 24th July 1888 the new company was incorporated to run a line from Seaforth passenger station of the Lancashire and Yorkshire Railway along the line of the Liverpool Docks. Motive power used on the line was to be electricity. The line was immediately leased for 999 years to the Mersey Docks and Harbour Board, who were responsible for its operation.

The line with its tilting and swinging bridges and carriages with . . . . "glass panels all round, to allow passengers a full view of the many interesting objects to be seen on every side," was most certainly a novelty. The line ran, with the exception of one small section, entirely overhead and was in the main built just above the old dock railway, which had reverted to a goods line only. The structure was built of wrought iron suspended on massive pillars and girders, and ran along a line served by thirteen stations. The generating station for the line was situated beneath twelve arches of the Lancashire and Yorkshire Railway at Bramley Moore Dock, where four powerful engines drove the dynamos, and the electricity is carried north and south along an overhead line by a steel conductor placed on porcelain insulators. On the City and South London Railway, a similar line, the motors were placed in a separate locomotive; the Liverpool men constructed theirs on the passenger carriages and therefore under the control of the driver. The carriages themselves were segregated into two separate class compartments which together sat fifty-six persons.

The trial run took place on January 7th 1893; and on February 4th of the same year the line was officially opened by Lord Salisbury, who, relieved of his State duties, had the time and inclination to indulge in one of his favourite sciences - that of electricity. His Lordship was welcomed to the generating station by Sir W. B. Forwood, who referred to George Stephenson's line over Chat Moss (the Liverpool & Manchester Railway) as the . . . "forerunner of steam locomotion"; and drew the parallel that the Overhead Railway, the first built in Britain on an iron viaduct so as not to interfere with the traffic of the streets below, the first worked by an electric current transmitted from a generating station over a system of seven miles, and the first protected by electric automatic signals, might be the pioneer of electric railways in all our great cities.

Lord Salisbury, himself, drew the audience's attention to the striking contrast between the locomotion of the past and the present. To open the line all his Lordship had to do was to press a button in the plinth of a silver inkstand, then the great engines began to generate electricity noisily. Lord Salisbury then travelled over the line in a special train, decorated with flags and covered in flowers and plants.

And so on March 6th the line was opened to the public, a grand showpiece for the people of Liverpool.

READERS' LETTERS

Big Business?

Why has scripophily yet to make a broad-scale, meaningful impact on collectors' consciousness in the United States? Is it still too new, too esoteric? Did the speculative price inflation come too fast, then set the market back a few years after the Chinese bubble burst? Has movement to the west been retarded because the original German innovators, and the other Continental dealers to this day print no more than a few paragraphs of their material in English?

Probably the only agreement is surprise that our hobby hasn't by this time swept the country with the force of more traditional art of stamp collecting. Americans **are** avid acquirers, of all sorts of objects, historical and exotic, aesthetic and absurd. Why not old bonds?

It has come slowly to me that scripophily does not have universal appeal. After all, one can make a reasonable case (I did, to myself) that in this money-oriented society everyone of even modest means would be fascinated by defunct reminders of past financial failures, especially when they are so colorful, aesthetic, and replete with vignettes that are the vignettes of modern history. Not so.

Last Christmas I had an office party at my home. Present were about 25 stock brokers and perhaps 15 other office personnel. I have about 200 certificates individually framed and hanging in the living room, family room, dining room, and library. In other words, you can't miss them. They smite the eyes on entry.

I was absolutely astonished to observe that of this group of 40 people in the securities business, only one administrative person and one broker even mentioned the certificates! They couldn't possibly have gone unnoticed! I guess the answer is, nobody cared. What I think is beautiful, they thought was boring - or at least a matter of indifference.

Aside from an occasional casual mention, I find that other people who come to the house rarely show interest in my collection. And, with some immodesty, I think my certificates are in a very attractive setting for viewing. This is not exactly the last frontier, an outpost of civilization, either. It is a place where people **should** be interested. Beverly Hills is surely one of the most affluent, sophisticated financial centers of the world. Many of its citizens are accomplished collectors of expensive art treasures of all kinds.

Those of us who are collectors, and obviously those who are dealers, would like to see an active, high volume market. But how will it come about? Gradually, perhaps, as the word creeps across the land, and as price-bitten earlier buyers heal their wounds and try again (as in our traditional securities markets).

My hope is that some entity will attempt a mass marketing effort to reach that small percentage of the American population which will respond to these collectibles. A small percentage, of course, could still represent a big absolute number.

But who is both motivated and equipped to attempt such a marketing task? The existing dealer base? Hardly. The effort will require access to big capital, plus a distribution network far beyond the scope of anyone in this business. Therefore, who will do it and how?

My answer is that it will logically come through a major national securities industry firm. I mean the likes of Merrill Lynch, E. F. Hutton, Shearson (new subsidiary of American Express), Dean Witter (now part of Sears), Bache (acquired by Prudential, American's largest life insurer), or my own company, Paine Webber. Only these giants have the scope and resources - plus the potential inclination - to make the effort. After all, one can argue reasonably that the purveying of scripophily falls most naturally into the province of a securities firm.

I have tried several times to sell the concept to Paine Webber, thus far without success. I've been unable to convince my principals that our customer base is ready for scripophily. I certainly can't fault them, since I'm not exactly convinced either! But I do think the day will come. Perhaps it will be coincident the next broad upward turn in our economy and our securities markets.

Think for a moment of the size of the audience a major stock and bond house could reach. Let me cite a few publicly disclosed numbers. Paine Webber, as an example, has some 700,000 customers. We have about 240 offices and 3600 stock brokers. Every month we send statements to clients, almost always enclosing a mailing piece describing some new stock or bond issue, tax shelter limited partnership, research report, etc. Think of sending a mailer offering old certificates to 700,000 securities owners, a pre-selected pool of more or less affluent, knowledgeable, sophisticated persons who are proven securities buyers. What would the response be? One percent? If it were a half of one percent that would be 3500 people! I daresay that number is larger than the entire existing audience for scripophily in the United States.

If, over time, a few thousand new scripophily customers developed, there would be substantial logistical problems, of course. The securities company would have to go into the business as a dealer. There would have to be inventory, research, a market-making function, sales representatives who knew enough to talk to the potential buyers. Perhaps the best approach for a major firm would be to acquire one or more existing scripophily dealers. After all that, would the exercise prove worth the investment?

The recent giant combinations of financial firms in the United States have moved us closer to the concept of "one stop financial shopping". We appear to be heading towards the super-market concept - securities, commercial banking, insurance, real estate - all purveyed by one financial conglomerate.

I predict that scripophily will eventually find its way onto their rosters of offered products. When that time comes, I suspect my colleagues will take closer note of what is hanging on my walls!

Sanford J. Mock, California

Sotheby's claim to be first to auction Railway Share Certificates

Whilst looking through a series of old catalogues, I found reference to the sale of Railway Shares in 1943. On 8th June 1943, Sotheby & Co. sold the Philimore Railway collection, in which there were two lots which contained collections of Railway Share Certificates. In lot 331 were, amongst others, certificates for the Surrey Iron Railway; Severn & Wye Railway & Canal Co.; Kenyon & Leigh Railway; Plymouth & Dartmoor Railway; and Stockton and Darlington Railway. In lot 332 there were over 53 Railway Shares, including one for the Liverpool & Manchester Railway, dated 1826! These lots realized £10.10s. and £22 respectively.

James Morton, Sotheby's Coin Department

Nice one James! *Ed.*

Tehuantepec

I was very interested by Mr. Whitworth's article on the Tehuantepec Railway and so did a little work on it myself. I was unable to find any further record of the old Vermont Company, however, by studying a later book I discovered that a loan was contracted in 1889 with S. Pearson & Son Ltd. to build the line from Puerto, on the Gulf of Mexico, to Salina Cruz on the Pacific Coast, which was owned by the Mexican Government and finally built. I therefore assume that the old Co. did not in fact build its projected railway and only some 20 years later was it thought of again.

The 1889 Mexican Co. was organised as follows. The capital was $7,000,000 of which 50% was raised by S. Pearson & Son Ltd. and 50% by the Mexican Government. No shares were issued to any other party. S. Pearson & Son built, managed and worked the line under a 50 year lease. The various bonds would automatically become direct obligations of the Mexican Government if the Company should fall into default or be liquidated (which, incidentally, is the present position).

Upon making enquiries with Mr. Whitworth, I found out that he had been speaking to Brian Mills regarding an interesting Bond in the latter's collection. *(This is pictured on the front cover)*. As you will see, this was an American Company, formed some 10 years previous to the Tehuantepec Railway Co. As a speculation I would assume that this old Company was used to purchase land in the Mexican Territory of Tehuantepec in preparation for the building of a Railway. The Bond is signed by Emile la Sere as President of the Company, which might explain why he was allotted so many shares in the 1868 Railway Co. I am puzzled by the fact that only one coupon has been paid and would appreciate any more information or suggestions members may like to add.

Michael Veissid
R. M. Smythe & Co.

Well done Ed!

In Court

It may be of interest to your readers to know that I am presently in the ninth Circuit Court of Appeals in San Francisco suing on the Mexican Receipts of 1922. The case is now calendered for the next hearing in 18 months.

In the meantime, I am part of the class action against China which was awarded $2,000,000,000 by default judgement to the bondholders in the Federal District Court in Alabama.

I have also joined the class action against Russia for payment of the Imperial Russian **Dollar** Bonds (only two issues) in New York Federal District Court.

There are other cases pending against Germany for pre-war dollar bonds in Wash. DC. If you are interested, the records are voluminous.

Simply stated, all debts remain in default and are valid until cured. They can never be extinguished by time or by unilateral decree. The Foreign Sovereign Immunities Act of 1976 allows a citizen to sue a nation in US federal district court, and seek relief under American Law. It appears that I am the first to employ this law in the US against Mexico. This will alert your readers to follow the outcome of these cases for possible future settlements as a reward for avid collecting.

Ed Slade
Las Vegas, Nevada

Unit Trust Fund

Probably the greatest problem at the moment is the shortage of cash to buy suitable material and hence the inactivity of this market.

My idea is to start a unit trust type of fund, investing in Bonds and Shares. Certain ground rules should apply, but you may wish to discuss these with your committee if the outlines are interesting.

The basic principles are:-

1. Only BASS members can be shareholders.

2. BASS members can apply for up to initially £100 worth of shares. With a membership of 500, if only 100 apply, that is £10,000 to start off with. (the subscription amount can of course be increased later).
3. Members can either apply for their £100 shares by paying cash or by offering Bonds to the equivalent value.
4. Similarly, when share holders cease to become BASS members, they must relinquish their shares and accept back the cash or the equivalent value of Bonds.

The greatest movement is then likely to be seen at membership renewal time.

5. The Unit Trust should have a quote and changed as often as appropriate. Holders can buy or sell (during dealing hours) up to the £100 maximum, as above.
6. The most important proviso is that there should be an independent committee (board of directors) **whose aim is to be seen to be to act in Unit Trust Holders' interests.** They are to be responsible for the buying and selling. They will also decide, under sections 3 & 4, the values to be fixed on material.

They may then decide that there is a suitable holding of material and they have a surplus which would then enable them to hold at least 2 and possibly 3 major auction sales of lots. The auction sale could be in association with Smythes/ Sothebys or even independent. The costs of the sale would be underwritten to a certain extent by the Unit Holding company.

7. If this idea is eventually duplicated in America by their BASS membership, a separate venue could be formed. You could then allow them to participate in our British Fund and vice versa. Your effective working capital would be thus doubled.

The Fund would be able to influence certain sections of the market to at least ensure that there is a constant flow of activity, even in quiet times.

8. All Unit Trust holders should be given regular advice on the activities of the Fund and its quoted price.

Tim Barker of Zararing Ltd. was caught by the camera at R. M. Smythe's Fair on the 16th May this year. The gleeful expression on his face appears to be the result of selling his first Russian Bond for more than £1.

Lastly, protection must be given against the unit prices rising too quickly. I think many people might want to join just because of the capital appreciation, and may not be interested in Bonds and Shares at all. Still the use of their £100 capital might prove to be helpful.

Saul Morris

An interesting idea, the committee I am sure will give this plenty of thought. What about the Unit Trust Certificate!! Ed.

THE COMMERCIAL DEVELOPMENT OF SEAFORD, SUSSEX

by Peter Jenkins

The commercial development of Seaford is an interesting period illustrating the interplay of risk capital and political corruption often found in Victorian development schemes.

Seaford is now a quiet seaside resort and it is hard to imagine it as the aspiring rival to prosperous Brighton. Yet it was just such aspirations which the town cherished.

Development began in the 1850s with the arrival from London of a Dr. William Tyler Smith. It was Smith's vision of Seaford as an upmarket Brighton and his struggles with the local landowners via the corrupt borough council which provide such interest. Smith saw the prosperity which the **London Brighton & S.Coast Railway** was bringing to Brighton and around the extension of the line from Newhaven to Seaford much of the story lies.

In 1863 the first company the **Seaford Gas Co.** was registered by Thomas Crook a local landowner and the development struggle occurred between Smith and Crook. Also in the mid 1870's the **Newhaven & Seaford Water Co.** was formed and registered. This company was closely associated with the Seaford Gas Co., and supplied water from a local well until 1889.

Shortly before the early success in extending the railway from Newhaven in 1864 and the attendant visions of its extension across the Beachy Head to Eastbourne, Smith leased 29 acres from the council on the seafront. This lease for 299 years cost 5/- and carried the annual rate of £10 per annum, an achievement which must have required deft handling of the local council.

The development struggle now reached a crucial stage and the story is complicated by the deaths of both Smith and Crook. Thomas Crook junior, however, continued his father's efforts and in 1880 registered the **Seaford Estate Co. Ltd.** which was liquidated having failed to achieve its capitalisation. In 1886 the **Seaford Bay Estate Co.** was registered and succeeded in raising £16,000. This capital was increased to £50,000 by 1888 when one of the original founders, Lambe, was bought out. The board room quarrels prevented efficient utilisation of the capital and created Thomas Crook junior's new business rival, Lambe.

That grand visions were still in vogue, however, is evident, because in 1893 the **Brighton Worthing and South Coast Steamship Co.** applied to build a pier.

Political wranglings continued however and in 1894, the **Seaford West Co.** was registered by Lambe in opposition to Crook. No development occurred and in 1898 the **Seaford Bay Estate Co.** was liquidated voluntarily though the complexity of its affairs meant the process was completed only in 1913. A similar fate attended Lambe's creation.

In 1901 the **Seaford Development Co.** was registered by Lambe and a sponsor, Hutchinson, who later bought Lambe out. This company was liquidated in 1909.

Lambe founded two further companies in 1906, the **Sutton Park Ltd.** and following its failure the **Seaford West Development Co.** finally dissolved in 1912. That these grand designs came to nothing is easily attested by a visit to Seaford, which though a pleasant country town, has none of the Georgian grandeur associated with Brighton.

I have only the Newhaven & Seaford Water Co. £10 debenture and have not seen any of the other companies' certificates.

ARGENTINA

by Tony Hetherington

The Falklands Islands dispute between Britain and Argentina has attracted some attention to the financial background both of the islands themselves and of the many companies which for decades provided a strong link between London and Buenos Aires.

The modern history of the Falklands (let's not tempt fate by discussing who originally discovered what!) began in 1843 when the first British governor, a man named Moody, founded the capital, Port Stanley.

A few years later Governor Moody sold around 800,000 acres of East Falkland to Samuel Lafone, who gave his name to the still sparsely populated Lafonia.

Lafone did not keep the land in his own name for very long. In 1851 he transferred title to the Falklands Island Company, which was set up by Royal Charter in that year.

The next ten years saw the rest of the land on East Falkland taken up by settlers, and in 1867 colonisation of West Falkland started. Within two years almost the whole of that island had been parcelled out to farmers.

The two islands became financially viable during the 1880's, early attempts at cattle farming having been replaced by sheep rearing.

The Falklands Island Company still exists, though a series of takeover deals has placed it now in the hands of the Coalite Group, a conglomerate with interests in fuel and chemicals.

About 46% of all land in the islands is still owned by the FIC, which is also the major trading company for the area, buying most of the wool produced by independent farmers as well as exporting its own produce.

No Falklands Islands Company certificates are known to be in collectors' hands, though the early ones in particular would be a very attractive find.

Links between the City of London and Argentina have traditionally been very strong, though less so over the past decade than previously.

Anglo-Argentine Tramways is still in existence as a company but is just a cash shell. It got out of trams many years ago and is now simply an investment company.

Harrods (Buenos Aires), the department store which has no connection, in fact, with the London store of the same name, saw its shares traded on the London Stock Market until 1970.

It was then taken over by Financiere y Manetataria Anglo del Rio de la Plata. Collectors with old Harrods (BA) certificates should note that they can still get 59p per share from Financiere!

The Argentine Light and Power Company

was active in the republic operating traction and generating businesses until 1928, when it sold out to a United States bidder.

The company changed its name in 1929 to the Atlas Electric and General Trust, and in April this year it changed again to call itself the TR Technology Investment Trust.

Finally, the well known City of Buenos Aires Tramways Company of 1904 lingered on until 1967 when it was placed in liquidation. The final payment to shareholders was made as recently as 1979.

A last minute item of news and of relevance to the above article is the sale of a group of medals by Sotheby's in their specialist auction on the 8th July. The group as described below made £300 against an estimate of £100-£150.

269 **Sergt. John Toole, 1st Regt. & Falkland Islands Compy.** (3), comprising: Crimea, 1854, 3 clasps, Alma, Inkermann, Sebastopol (1st Battn. 1st [Regt.] —*eng.*), *brooch-mount crudely attached to rev. of top two clasps* [*pin lacking*], Army L.S. and G.C., Vic. (Sergt., Falkld. Islds. Compy.), *suspension slack, very fine*, Turkish Crimea, 1855, Sardinian issue (*unnamed*), *rev. with metal flaws, fair unless otherwise stated, the second very rare* (3)

** The lot is sold with two Army list extracts [1862], which show that Captain Thomas Moore, R.N. was Governor and C. in C. of the Falkland Islands during the period the recipient served there. **Also included with the lot are the recipient's original pay-book; his certificate as an out-pensioner at the Chelsea Hospital [granted, 25 May 1864]; and a certificate of Baptism for one of the recipient's children born in the Falkland Islands.** Toole arrived in the Falkland Islands on 13 July 1858 and hence became a founder-member of the Islands Company on its formation in 1863 (prior to returning to Woolwich in July 1864).

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PUBLIC APOLOGY

In the last edition of the Bond and Share Society Journal, an article appeared entitled "The House of Waterlow".

I would like to point out that this article was extracted in its entirety from Murray Teigh Bloom's book "The Man Who Stole Portugal", without his prior permission.

May I take this opportunity to offer my sincere apologies to Mr. Bloom for infringing upon his copyright, and assure him that this was not done for profit. I would also like to apologise for the discourtesy of representing Mr. Bloom's work as my own.

J. McHugh

EDITOR'S NOTE

Members must not under any circumstances submit copy to the editor that is extracted from any published work, before obtaining the necessary permission from the owner of its copyright. Failure to do this could lead to expensive court action and give our society a poor reputation. Extracts from published works must also be properly acknowledged. If in any doubt, please consult the editor.

REVIEW : "The Man Who Stole Portugal" by Mr. Murray Teigh Bloom

First published in U.S.A. 1966 by Charles Scribner's Sons, New York.

First published in England 1967 by Martin Secker & Warburg Limited, London.

Fact is often stranger than fiction - although many novels keep us guessing until the last page, the true story contained within "The Man Who Stole Portugal„ is one of a brilliantly devised and executed crime consisting of all the major ingredients of a first rate novel: with one exception - that they actually happened.

Artur Virgilia Alves Reis, having spent his early business years establishing a reputation for himself in Angola as an engineer, devised a plan to gain control of the Bank of Portugal. His brilliant idea was not to forge his own notes, but to have them printed by the bank's own security printers, who were Waterlow and Sons of London, in conjunction with others, in particular a Dutch financier named Carl Marang. The plan was put into operation. As with most successful crimes, only one or two of the participants knew the whole story and the majority are just links in the chain back to the mastermind and his lieutenant. The brash confidence with which this operation was executed is so unbelievable that it must be true. To leave millions of pounds worth of bank notes in a trunk at the left luggage office at Liverpool Street Station overnight and then to transport them via the Hook of Holland ferry without the aid of security guards is further proof of their extreme coolness.

It is often said that everybody loves a villain as long as nobody gets hurt, but unfortunately the ultimate result of this well executed crime was the personal shame and eventual downfall of a very noble English gentleman, namely Sir William Waterlow. His trial was delayed on his becoming the Lord Mayor of London, which was perhaps his last great act for the City which he dearly loved. The intense boardroom struggle between the two Waterlow factions, Waterlow and Sons and Waterlow Bros. & Layton and the distrust between Sir William and his cousin Edgar unfolds itself in perhaps the only accurate record of the events which took place in the 1920's.

Mr. Bloom took several years in researching this very readable book and his work is a must on the bookshelves of any keen collector of banknotes or bonds.

ARTISTS IN ENGRAVING
by Joe McHugh

Engraving as an art form purely from the composed picture point of view, has been with us for in excess of two centuries, but the engraver's art really started coming to the fore with the common usage of bank notes.

The major aid to engravers must surely have been the steel printing plate on to which their fine and delicate talents could be etched and reproduced on to paper several thousand times without a loss of clarity.

The engraver's art was only achieved after many years of constantly striving for perfection. Initially young apprentices were only allowed to etch block capitals and when they had achieved an acceptable degree of perfection and spent many hours watching the masters were they offered the opportunity of copying the copper plate style writing of lower case, so by the time a young man reached his mid-twenties he was still not in a position to call himself an engraver.

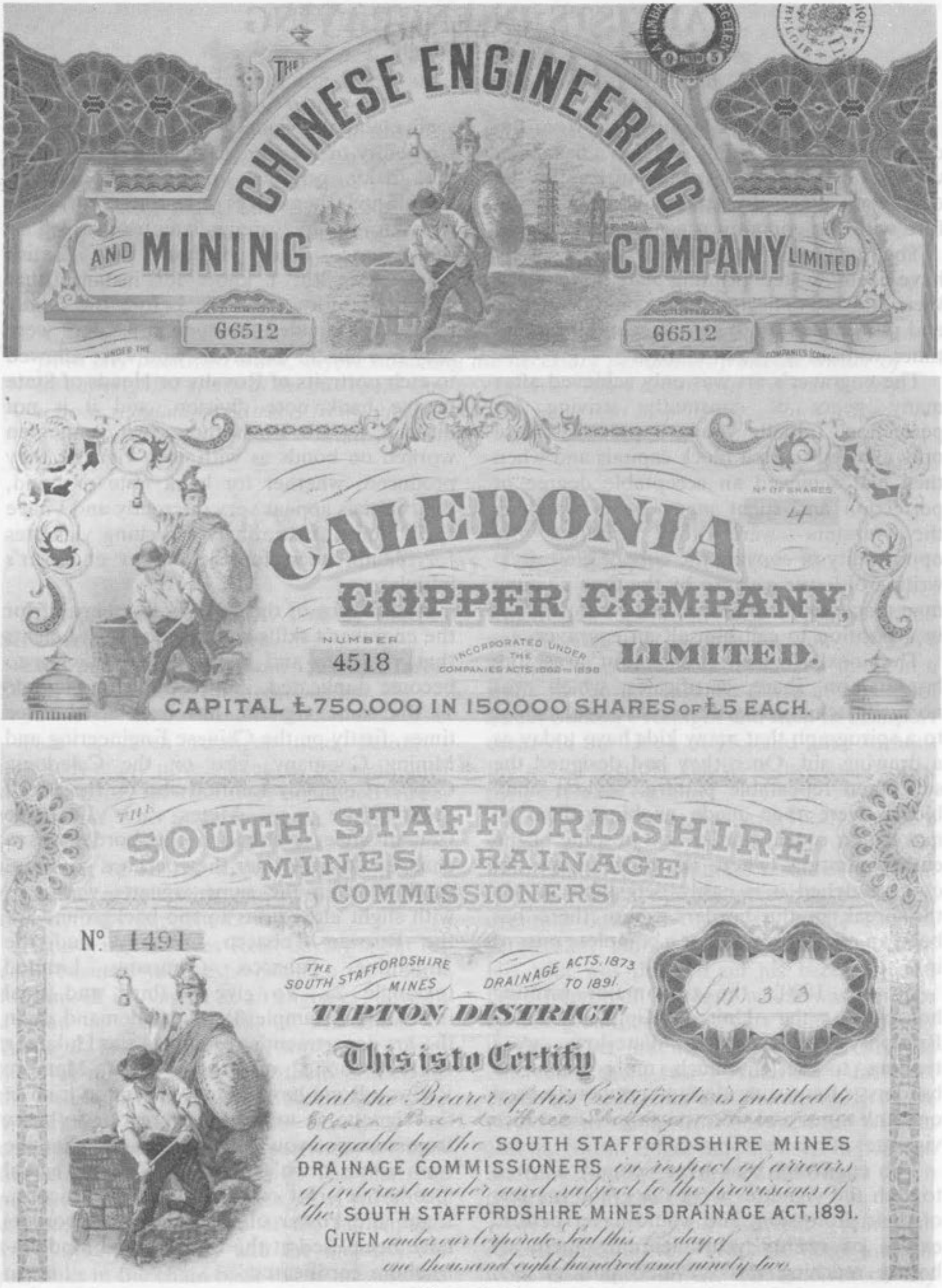
The next logical progression was the borders on share certificates which was normally achieved by the use of a tool similar to a spirograph that many kids have today as a drawing aid. Once they had designed the small and repeatable pattern, several small blocks were then made enabling them to make up a repeat border and in some of the earlier printings where the blocks have not quite matched it is easily detectable to see the break in the borders where there has been an overflow of ink or a complete miss of ink.

By the 1880's the two major printing houses in the United Kingdom being Bradbury Wilkinson and Waterlows, were tending to design much more elaborate borders, often using designs previously used on bank notes and were starting to introduce vignettes.

The engravers who were actually allowed to etch the vignettes were the grand masters of their profession, and would have spent in excess of twenty years learning their art before reaching this elevated position. Of course one of the main reasons for having such elaborate vignettes was to reduce the possibility of forgery, particularly as both of the major printing houses had by now established themselves as printers of bank notes for many foreign countries which at that time were within the British Commonwealth. I know for instance that within Waterlow & Sons, before the family feud which divided the company, there were only two master engravers who were allowed to etch portraits of Royalty or Heads of State in the bank note division, and it is not difficult to see when these two gentlemen worked on bonds as with each vignette they produced, whether for bank note or bond, their initials appear very discreetly and I have spent hours frustratingly searching vignettes for identification for the master engraver's initials.

At the turn of the century the demand for the engraver's skills had reached such heights that vignettes and borders were having to become duplicated. As we can see (example 1) the same vignette has been used three times, firstly on the Chinese Engineering and Mining Company, also on the Caledonia Copper Company Limited and on the South Staffordshire Mines Drainage Commissioners, although the borders have changed. A little later they perhaps got more careless when the same vignette was used with slight alterations to the background for the Russian Tobacco Company and the Argentine Tobacco Company Limited (example 2). To give a third and final indication (example 3) of the demand upon the art department's resources, the Hukuang Railway Bond and the Madeira-Mamore Railway Bond have exactly the same train in the vignette (it would be interesting to know from some of you railway buffs whether the train is an artist's impression or an actual locomotive), yet on the Barcelona Traction, Light and Power of 1911 the same borders have been used at the top as on all Madeira-Mamore certificates.

The comparisons can go on and on, but


THE
CHINESE ENGINEERING
AND MINING
COMPANY LIMITED
66512
66512
CALEDONIA
COPPER COMPANY,
LIMITED.
Nº OF SHARES
4
NUMBER
4518
INCORPORATED UNDER THE COMPANIES ACTS 1862 TO 1898
CAPITAL £750,000 IN 150,000 SHARES OF £5 EACH.
THE
SOUTH STAFFORDSHIRE
MINES DRAINAGE
COMMISSIONERS
Nº 1491
THE SOUTH STAFFORDSHIRE MINES DRAINAGE ACTS, 1873 TO 1891.
TIPTON DISTRICT
This is to Certify
that the Bearer of this Certificate is entitled to
payable by the SOUTH STAFFORDSHIRE MINES DRAINAGE COMMISSIONERS in respect of arrears of interest under and subject to the provisions of the SOUTH STAFFORDSHIRE MINES DRAINAGE ACT, 1891.
GIVEN under our Corporate Seal this day of
one thousand eight hundred and ninety two.

Example 1

perhaps with some of the duplicated borders the similarities would not be noticeable if reproduced and reduced in size.

If any reader specialises in either the works of one of the printing houses or specific vignettes, i.e. depicting trains, animals or aircraft, etc. and could offer further information as to duplications in either borders or vignettes I am sure the editor would be happy, with the aid of illustrations, to continue articles on this theme.

Example 2

EIGHT SHILLINGS
£20
£20
The Imperial Chinese Government
3% HUKUANG RAILWAYS SINKING FUND GOLD LOAN OF 1911.
Nº C2385
MADEIRA-MAMORÉ
BARCELONA

Example 3

THE CHICAGO AND ROCK ISLAND'S CHALLENGE

by Timothy J. Robson

On 22nd February 1854 the grand opening of the Chicago and Rock Island Railroad took place on the banks of the mighty Mississippi river at Rock Island. It was an important event as this was one of the first lines, not only to cross the river, but to set about attacking the western lands with iron rails.

Rock Island was a busy, bustling frontier town whose livelihood and prosperity came from the river, or more precisely from the steamboat traders. The arrival of the railroad, therefore, was not a welcome animal, as by bridging the river it threatened the steamboat operators' monopoly on trade, it also challenged the established turnpike road and waterway operators.

The man who was responsible for the railroad's opening that day was Henry Farnam, who had already achieved considerable quodos by bringing the first tracks into the growing town of Chicago. His four associates, when compared to Farnam's honest approach, can best be described as rascals of the first order, but they clustered round him at the opening ceremony; Thomas Clark Durant, later to become a notorious promoter of railroad stocks and bonds; Peter Antony Dey, the line's surveyor and chief engineer; Grenville Mellen Dodge, Dey's assistant; and the Samuel Benedict Reed, the construction engineer. All four, although young, had already amassed considerable experience in railroading and were later instrumental in the construction of the large transcontinental lines.

Farnam effectively created Chicago a railroad city that day and ensured its rapid growth; at the same time, he sealed the fate of St. Louis and New Orleans, who lost their commercial prominence to the eastern ports with their rapid communications.

For the five associates, Rock Island was but a staging post on their western progress towards Nebraska and the rich land grants that awaited them there, and to reflect this, they changed the railroad's name to Chicago, Rock Island and Pacific Railroad.

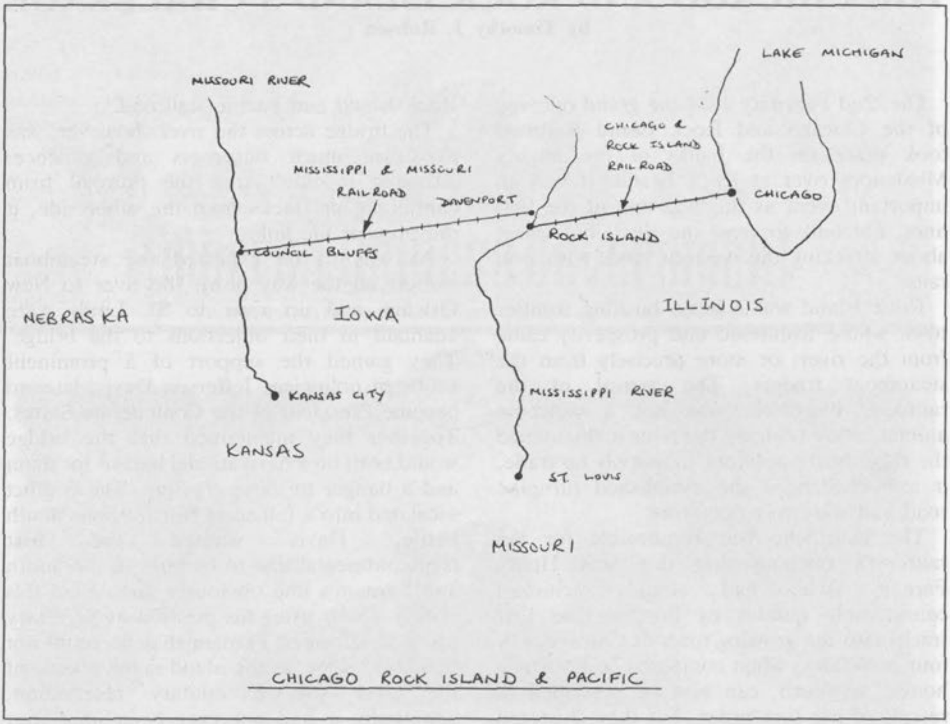
The bridge across the river, however, was to cause much bitterness and violence, although it didn't stop the railroad from continuing its tracks from the other side, it did prevent the link.

As was to be expected the steamboat owners all the way down the river to New Orleans and up river to St. Louis were adamant in their objections to the bridge. They gained the support of a prominent southern politician, Jefferson Davis, later to become President of the Confederate States. Together they maintained that the bridge would both be a navigational hazard for them and a danger to those crossing. The conflict escalated into a full scale North versus South battle, Davis wanted the first transcontinental line to be built in the South and Farnam's line obviously threatened this notion. Davis using his position as Secretary for War informed Farnam that he could not build his bridge, as the island in the middle of the river was a military reservation, admittedly it had not ever been used, but that was not the argument.

The steamboat owners then sought a court order to stop the construction on Davis's military issue. In 1855 the case was brought to court, where the judge unexpectedly upheld that a river was a public thoroughfare and as such a bridge was perfectly viable, railroad, road or whatever. Construction began immediately and on April 22nd 1856 the 1,535 foot span was opened for traffic.

The newspapers carried enthusiastic editorials about the future of the railways and many thousands of people bought tickets just to cross the river by railroad.

But defeat was not a condition that the steamboat operators were going to let pass, especially judicial defeat, and so they decided to take the law into their own hands. Early in the morning of 6th May 1856 the people of Rock Island were awakened by a deafening din of steamboat whistles. The majority of the townsfolk hurried down to the riverbank



to see a large column of black smoke rising up from the bridge, where the steam packet boat Effie Afton from New Orleans, had crashed into the bridge broadside. It was abundantly clear to the railroad executives that the affair was no accident, when the steamship Hamburg hoisted up a banner, which read "Mississippi bridge destroyed, let all rejoice."

The Farnam camp were next subjugated to a damages claim from the owners of the Effie Afton, who maintained that the submerged piers of the bridge structure caused a venturi effect on the current, resulting in rendering boats uncontrollable.

The railroad hired an able lawyer, to defend their case, by the name of Abraham Lincoln. Lincoln's first task was to attempt to establish the authenticity of the accident, which, finding that the Effie Afton according to her manifest was normally engaged on the Louisville to New Orleans run, considerably downstream, was considerably in doubt. After exhaustive demonstrations he also proved the venturi claim to be unsubstantial.

At the court case, by the use of models, Lincoln proved that the Effie Afton was only operating on one paddle and had deliberately manoeuvered into a ramming position. In concluding his evidence he stated that railroads had as much right to cross rivers from north to south, and east to west, as had the steamboat operators to go from the source to outlets of rivers. The judge dismissed the steamboat operators' case. Lincoln achieved nationwide publicity for his part in the affair and this no doubt helped him in his rise to fame.

The steamboat owners did not give up and eventually their case was heard in the Supreme Court, where it was defeated. The dominance of the railroads was established.

On the 5th June 1859 a night watchman found a bomb on the bridge and this episode marked the end of the steamboat owners' attempts at destruction.

One interesting point which emerged from the conflict was the participation of two men, Lincoln and Davis, who were later to be bitter adversaries at war.

Whilst the Rock Island was involved in its constant legal bridge battle, Farnam and Durant had been busily engaged in pushing tracks into Iowa as far as the Missouri river. The name of the railroad was changed yet again to the Mississippi and Missouri, to reflect the new proposed route from Davenport on the Mississippi to Council Bluffs on the Missouri.

Through Durant's influence, General John Adams Dix was appointed president of the new railroad, and he was instrumental in obtaining the necessary federal land grants for the company. Farnam, a man who took great pride in his lines, was beginning to have grave misgivings about Durant, who it seemed, was more concerned in making profits from the sale of stocks and bonds.

His doubts were justified as Durant began to buy land in advance of the tracks, then after persuading Farnam to alter the route through them, sold his parcels for an enormous profit back to the railroad of which he was an executive.

In 1858 Dix obtained 400,000 acres of land grants from Congress for the railroad with a building time limit of ten years. Up until this date the line had been built at a tremendous pace, mainly due to Farnam's enthusiasm, but now Durant saw the advantage of slowing the pace until the land increased in value. Farnam dissolved the two men's partnership over this issue and retired to become president of his original Rock Island railroad. Durant determined to rid he and Dix from 'honest' Farnam, through boardroom tricks, had him removed and replaced by his brother Charles Durant.

With Farnam gone, Durant embarked on a grand process of manipulation. His best swindle came when the Chicago and Northwestern reached Council Bluffs two years before the Mississippi and Missouri. It appeared strange that Durant did not speed up the M & M's track laying, that is until one realises he was also president of the Chicago and Northwestern, and had squeezed the townsfolk along the M & M's route and reinvested the profits in the rival Chicago and Northwestern.

The final merging of all Durant's railroads resulted in the Chicago, Rock Island and Pacific railroad. The line continued operation and Durant involved himself in more lucrative deals elsewhere.

SCRIPOPHILE WAKE AT SOMNOLENT AUCTION

Another humorous article from the hand of Peter Wynne

The last Bond and Share Auction has been held in Poyais. Several unhelpful circumstances have coalesced to frustrate the implanting of scripophily into Central America.

The country's oppressively humid climate has nurtured lethargy to the detriment of auction attendances. It has also encouraged the insect population of the country to increase in numbers to the extent that there is no volume of air (whether it be mountain top, or sealed room, or any other situation) that is not filled by a legion of vicious, biting, stinging, distractions. At auctions, interests and energies (such as they are) have been diverted from bidding to swatting.

The majority of catalogues are never actually opened but folded over for use as swatters. The supply of catalogues, which would otherwise be several times greater than needed, always proves insufficient, and late arrivals, of whom I had the misfortune to be one, must make do with a "used" copy.

Unaware of my copy's prior career as a

successfully wielded bludgeon, I imputed to the bond illustrated on its cover a magnificent red seal it did not have. I discovered my error after purchase at a price distorted by my belief that I was bidding for something uniquely different from the 199,999 others issued without seals.

Further damage to scripophily done by these pernicious insects arises from a combination of insatiable appetites and a predilection for good quality paper. A disproportionate number of hole cancelled certificates come up for auction here. The worst-fed insects subsist, it is claimed, on a diet of bread and Waterlow.

The unfavourable economic background must be mentioned, if only briefly. The country's "monetarist" government does a celebrated impression of a demented boa constrictor. Whilst exhorting the citizens of Poyais to get their fingers out, its fierce fiscal squeeze has given many no choice but to keep their hands firmly in their pockets. In short, money is short.

Against this backcloth of malicious insects, sweltering heat, and gory catalogues, it has been both surprising and rewarding to uncover such delightful and eccentric bonds :

LOT 5 - Rekal Airlines

Share certificate of unusual inverted pyramid shape, said to represent the unusually narrow equity base of this "bucaneering" company, with vignette centre of Saint Freddie, with halo above, and vignettes in corners of stranded passengers and unsecured creditors gazing adoringly. "Tiny" vignette of phoenix bottom centre and motto "THE UNDERCAPITALISED BASE OF TOURISM". One of only two share certificates issued. Condition : folded.

LOT 9 - British North Sea Bubble Co.

Loan stock for £1,000, with central serpentine motif of dole queue that seems to get longer as you look at it. Vignettes in four corners of the economy turning them. Small pin-hole centre through which the light at the end of the tunnel can be seen. Condition : leaner, fitter and more competitive.

LOT 11 - City of Livingstonia 1982

Controversial issue. Tri-valued bearer bond for 189 Ken; £20 sterling; or 100 Dennings; with shield top centre depicting St. George being slain by a salamander. Condition : fair(s) doubled.

LOT 12 - Mark Thatcher Exploration Co.

Capitalised at £300,000. Share certificate in favour of Algerian Govt. for 300,000 fully-paid one pound shares. Company founded to locate the fair-skinned, golden-haired youth (whom many believed to be mythical) reputed to be the survivor of a lost race: son of "she who must be obeyed"; and invested with the power to conjure money out of the air: held by legend to roam the wastes to the north of Timbuktu. Condition : Haggard (Rider-).

LOT 30 - Imperial Chimerical Industries.

Share certificate for 1000 ordinary shares. Company founded to carry on a diversity of industrial activities, plastics, fibres, chemicals, construction, etc. Now concentrates exclusively on the manufacture of barometers, bell-weathers and microcosms. Vignette centre of a mirror (to British industry, of course!). Condition : blue chipped.

SOME VARIANTS ON CHINESE BONDS - 1895-1925

by Donald Ross

"Most Chinese Bonds may not be identical" -
The Stock Exchange Official Year Book

References :

Chinesische Anleihen und Aktien by Drumm & Henseler. Short title - "D" for Drumm.

Stanley Gibbons Catalogue - Sept. 1979. Short title - "G" for Gibbons

Chinese Bonds & Share Certificates - Spring 1979, by F. Kuhlmann. Short title - "K" for Kuhlmann.

Nicevale Catalogue - July 1979. Short title - "N" for Nicevale.

This preliminary paper is submitted by an acknowledged beginner whose inability to read German not to say anything of Chinese has been a handicap. It has been prepared in the hopes that it will provoke discussion and correspondence with other collectors; and that in due course it will promote a flow of information which might enable a more comprehensive and authoritative pamphlet to be produced for the benefit of collectors.

2. Full acknowledgement and tribute must be made to the authors of the four references listed. All collectors respect their expertise and it is emphasised that any divergence of opinion by a tiro is not made in any spirit of criticism - it would indeed be miraculous if fresh information did not emerge as the enthusiasm and number of collectors continues to mount.

3. The variety of possible variants is so broad that it is necessary first to classify the various types of possible variants which may exist. These are :-

(a) Unissued reserve stock
(b) Printing errors
(c) Revenue stamps
(d) Colour
(e) Different printing lay-outs
(f) Duplicates
(g) Labels
(h) Net profit sub-certs, receipts, other certs. etc.
(j) Signatures and forgeries
(k) Additions to ref. (D)
(l) Original coupons
(m) Other over prints

(a) Unissued Reserve Stock

4½% Gold Loan 1898 (DA Bank) - both £25 and £50 denominations (45 of each).

8%-Lung-Tsing-U-Hai Rly 1920 - denom. 500 fr. (300 bonds)

8%-Lung-Tsing-U-Hai Rly Type I - 1921 - denom. 500 fr. (72 bonds)

8% Rly. Equipment Loan - 1922 - denom. £20 (237 bonds)

8% Lung-Tsing-U-Hai Rly Type II - 1921 - denom. 500 fr. (250 bonds)

8% Lung-Tsing-U-Hai Rly - 1923 - denom. 500 fr. (396 bonds)

(b) Printing Errors

8% Skoda Loan 1925 - denom. £5 has two lozenges containing "No." and the certificate's registered number. Bond No. 0002611 has "No." printed upside-down. It would be interesting to learn whether this error has been repeated on any other Skoda bonds (either £5 or other denomination). It would be appreciated if holders of Skodas could report the number of any other Skodas with this misprint so that the extent of this printing error - and its rarity - can be established.

(c) Revenue Stamps

These can include stamps of many different countries, sometimes of differing amounts (either too much or too little) and sometimes even bonds which have been stamped even though this was unnecessary. The range of variations must be so wide that no attempt has been made to list known examples.

(d) Colour

Emprunt Chinois '02, receipt for coupons - 500 francs - is sometimes described as blue although it has reliably been reported as being light green. Can any member throw any light on this? Could it be that both colours were used?

(e) Different Printing Lay-outs

Reference K reports on 5% Lung-Tsing-U-Hai Rly Gold Loan - 1913 - as follows:- "Apparently two different Printing-Blocks have been used, one with a difference of 1mm (type I) between text and the line:- "Le Ministre de Chine à Bruxelles Le Directeur Général" and another one with 5mm (type II)."

(f) Duplicates

These may, of course, exist for any bonds, only the following have come to notice:-
5% Lung-Tsing-U-Hai Rly 1912 - £20
5% Chinese Govt Reorganisation Loan 1913 (brown) - 189.40 Rbl.

(g) Labels

Reference N, page 6, indicates that there are two kinds of label in issue, on Skodas. Can any collector elaborate on this, please?

(h) Net-Profit Sub Certs, Receipts, Certificates, etc.

Ancillary paper abounds - receipts for coupons, fractional scrip certificates, loan receipts, transactional settlement certs, etc. No attempt has been made to examine these for variants, and they might prove an interesting field for an enthusiastic researcher.

Particularly useful is the list of Tientsin-Pukow Rly non interest bearing scrip certificates listed at pp. 4 and 5 of reference K.

(j) Signatures and Forgeries

None are so far known to exist.

(k) Additions to Reference D

The following appears to have come to light after the publication of D:-
8% Lung-Tsing-U-Hai Rly 1920 - denom 1000 Fl.
Re-organisation 126(i) exists in brown as well as green.
(Newcomers frequently overlook Honan 06 (£100) which is referred to on p26 of reference D).

(l) Original Coupons

Several examples exist of agreements being made for a reduction in interest payable. In these cases, the new terms are usually stamped on the face of the bond, the original coupons cut off and revised coupons substituted. The following are some of the cases of such bonds which have come to light with the original coupons still attached:-
5% Lung-Tsing-U-Hai Rly 1913 - denom. £20
8% Marconi 1918 - denoms. £100 & £500
8% Vickers 1919 - denoms. £100 & £500
8% Lung-Tsing-U-Hai - 1923 - denom. 500 Fr.B

(m) Other overprints

5% "French Boxer Indemnity" - London issue is endorsed "payment also at H. Schröder & Co. London.

Just the thing for a Chinese Study Group - anyone interested? *Ed.*

ELDER DEMPSTER & CO.

by Keith Hollender

Many of you may be wondering why I have chosen such a seemingly minor subject as Elder Dempster to discuss. Hopefully my reasons will become clearer in due course, but my main objective was to impart the message that behind all scrip, no matter how 'ordinary' it may seem, **there is a story**, and a little research can soon bring the simplest piece to life.

First a little background. Steam came to ships some years before trains; indeed, the earliest experiments were carried out in


No 4654

6 PER CENT PREFERENCE SHARE CERTIFICATE

50

ELDER DEMPSTER AND COMPANY LIMITED

CAPITAL £3,635,000

THIS IS TO CERTIFY that Mrs Rachel Emily Poole of Museum House Oxford

is the Registered Holder of Fifty of the above mentioned 6% Cumulative Preference Shares of £1 each numbered 2037086 to 2037135 inclusive in Elder Dempster and Company Limited subject to the Memorandum and Articles of Association of the Company and that upon each of the said Shares the full amount of One Pound has been paid.

GIVEN under the Common Seal of the Company

Director

Secretary

France at the end of the 17th century. But the first successful tests occurred in Scotland in 1788. From then on progress was fairly fast both in the U.S. and elsewhere. One of the most famous early vessels was the Scottish-built "Comet" which regularly plied the waters of the Clyde between Glasgow and Helensburgh (4/- for the best cabin and 3/- for 2nd class). The Comet was built by Henry Bell whose colleague Robert Fulton moved to the U.S. and built the "Clermont", which travelled between Albany and New York (142 miles in 32 hours) along the Hudson.

Once steam gained greater respectability and speed, it was not long before a once sceptical Admiralty adopted it for the Navy. A major improvement which encouraged this decision was the substitution of the screw propeller for the paddle wheel.

As may have been gathered, much of the early development took place in Scotland and it should be no surprise that the shipping lines themselves grew up around the shipbuilders - a natural progression made more so by close family ties. The story of Elder Dempster is a perfect example of this development and the tale is made more interesting for the scripophilist by the ready availability of share certificates in the company and its associates.

The Elder Dempster story is set in the tropics of West Africa, an area which despite its climatic unpleasantness played a major part in the development of many of today's major European companies.

Trade with West Africa becan with gold and ivory but rapidly progressed (if that is the right word) to slaves. As early as 1562

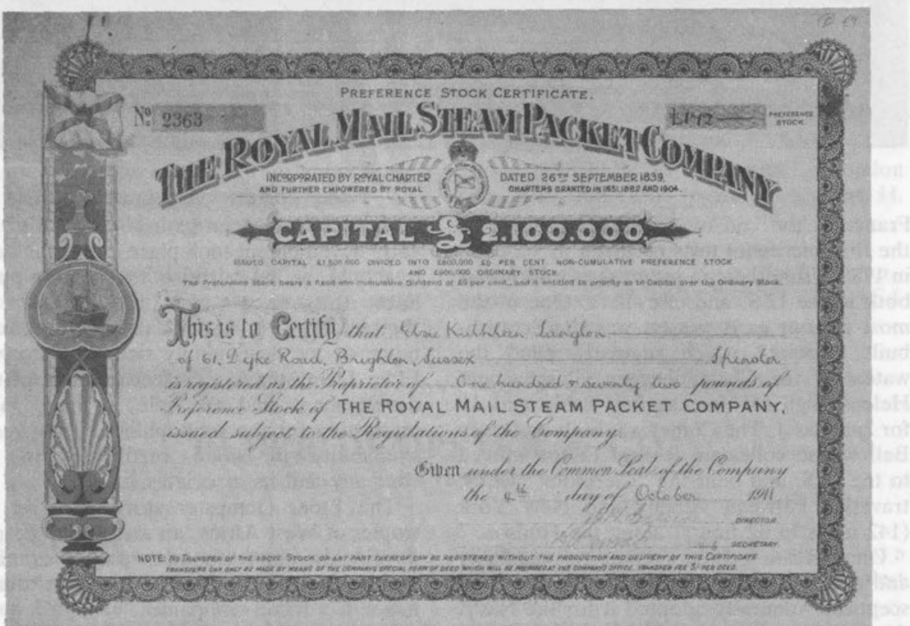
John Hawkins of Plymouth inaugurated English participation in the transatlantic slave trade but it was the Portuguese, and later the Dutch and French who took lead roles. But by 1800 British ships were carrying the vast majority of all slaves exported to America.

Following the worldwide abolition of slave trading in 1888 other trades developed - primarily the export of palm oil. Considerable efforts were made by the early traders to explore the area - one such was Macgregor Laird, whose expedition up the Niger resulted in financial disaster and death for most of the participants.

Realizing the seriousness of diseases, Laird chose to concentrate on building up a regular trade route to the coast. In 1852 he formed the African Steam Ship Company by Royal Charter. Its prime objective was to carry mail for the British government, for which it was amply rewarded. 11,008 partly paid shares of £20 each were issued. And the company seal (as may be seen on later certificates) depicts the colonial trading image with Britannia exchanging blankets for fruit and ivory.

Laird's father founded the shipbuilding company later to become "Cammell Laird & Co.", while his mother was the daughter of our old friend Gregor Macgregor of Poyais! In its first year the company made a profit of £3,486 but following Laird's death the board erred on the side of caution and this led to the formation of a more aggressive competitor - the British and African Steam Navigation Co. This company was formed in 1868 with a nominal capital of £200,000.

Two ex-employees of the African Steamship Co. were appointed agents for the new line; their names were John Dempster and Alexander Elder. The Elder Dempster Co. was thus formed in 1868. Sixteen years later the founders retired and their senior clerk, Alfred Jones, took control. Jones was eventually able to act as agent for both



shipping groups and thus pulled together the whole West African trade.

It was during this period that the United African Company was formed (1879). This was the first of the commercial companies set up to specifically pull the local trades together. Concentrating on vegetable oils for supply to Liverpool for the manufacture of soap and margarine, the company became a key part in the growth of Unilever.

On the death of Alfred Jones, a new dominant figure entered the tale of Elder Dempster - Owen Cosby Phillips, better known as Lord Kylsant.

Lord Kylsant was already a major character in the shipping world, having been appointed chairman of the Royal Mail Steam Packet Co. in 1903. He and Lord Pirie (chairman of Harland & Wolff) bought Elder Dempster from Jones' executors for £½ million via the establishment of "Elder Dempster & Co. Ltd" in 1910. This company of which many share certificates exist today, was financed by the issue of 500,000 £1 cumulative preference shares, 400,000 ordinary £1 shares, 10,000 £1 management shares and £1 million of 5% debentures. Several of the early certificates carry the signature of Owen Phillips/Kylsant.

Having pulled together the lines of Elder Dempster and the Royal Mail Steam Packet Co., Lord Kylsant set out on a process ofacquisition, which eventually included sizeable stakes in Lamport & Holt, the Union Castle Mail Steamship Co., and the White Star Line (owner of the Titanic).

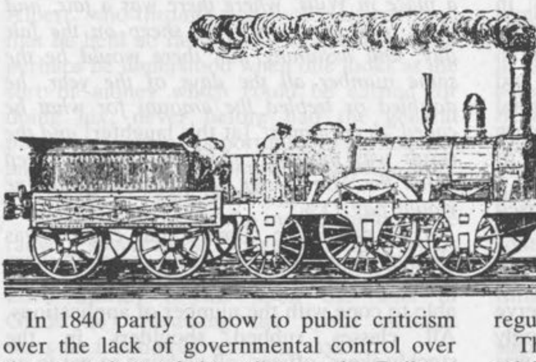
Kylsant created a complex empire with cross shareholdings in all the major lines either through his Royal Mail Steam Packet Co. or through personal investments. Through his control of Elder Dempster he also owned 85% of the African Steam Ship Co. (certificates also bear his signature) and 12% of Harland & Wolff.

1929 saw £16 million wiped off the value of the shares of the Royal Mail Steam Packet Co. - a combination of depressed trade and financial rumours were the cause.

The first major crack was revealed in the 1930 accounts of Lamport & Holt which showed a discrepancy of 50% between book & market values of the company's reserve investments. In September, Lamport & Holt went into receivership with the group as a whole following suit in 1931.

Lord Kylsant was charged with publishing accounts which he knew to be false and was convicted.

Following a complex restructuring process the company was reconstituted in 1936 under the name "Elder Dempster Lines Holdings Ltd".



"MANIA"

by T. J. Robson
(continued from Journal 2)

In 1840 partly to bow to public criticism over the lack of governmental control over the operations of the railways, the Railway Department was established under the auspices of the Board of Trade. However, it concentrated its efforts on the need for public safety rather than any serious attempts at regularising the railways themselves.

The mania of 1844-46 is the most celebrated of all the previous and succeeding ones, it has never really been equalled since, both for the chaos it caused at the time and for the way it gripped the public's imagination. In the period 1845-6, for example, well over £100,000 was spent on advertising projects a week, a colossal sum for that era. However, the beginnings of the mania were slow and less dramatic.

The early 1840's was a time of general economic gloom and stalemate, disillusion with railways and their dividends was widespread, although for the investors they still offered more return than Government stocks for instance which were only paying 2½% in 1842-43. Towards the end of 1843 railway shares again began to look attractive to the investing public, not least due to Gladstone's Act of 1844, which reduced the initial deposit required per share from 10% to 5%. In fact this Act did far more than any other single factor to promote the awful mania which was to follow, since it gave the government the right to revise a company's charges after 21 years if its annual profit was a steady 10% or more, and also to buy the railway after an equivalent period on payment of compensation to be based on profits over a fixed period, again on the condition that profits were 10% or more. It was the figure of 10% which caused all the problems since it gave the public the impression that the government condidently believed that the railway companies would indeed achieve that figure annually.

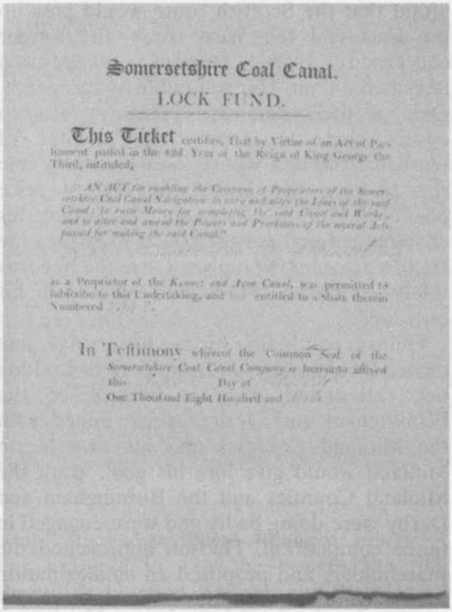
To give some idea of the mania's proportions; in 1843 Parliament authorised 100 miles of track; in 1844, 800 miles; in 1845, 3,000 miles; and in 1846 at the height of the boom a huge 4,500 miles; involving in 1845 a total of over 1,000 authorised and unauthorised railway companies; whose total capital came to £700 million. This figure represented ten times the total value of exports from the U.K. in 1847.

The number of Bills actually passed between 1845-46 was 440, projecting 8,470 miles of track at a capital cost of £180,138,901. Some schemes were solely projected to block competition or to preserve one company's monopoly. In fact monopoly as a form of instrument of the railways was fervently proposed by the larger companies. The banker, George Carr Glyn, then chairman of the London & Birmingham, reported to a House of Commons Committee that all new lines should be built and floated by the existing companies, defending this by saying that competition was undesirable since it encouraged rate-cutting which in turn led to the deterioration of standards - Parliament was not unsympathetic to this point of view. This situation is a little similar to today's Freddie Laker versus the large airline companies except in reverse. Throughout the 1840's mania the merging of companies into ever larger entities became a common feature - a device used extensively by George Hudson of York; more about his activities later.

The 1840's saw a new type of railway consultant, the 'traffic-taker', whose job it was to estimate the volume of traffic in the area of a proposed line. These gentlemen often inexperienced and not a little influenced by their bosses' wishes, were apt to overexagerate prospects for profit. Edward Watkin in a satirical speech at the National Conference of Railway Shareholders said :

"*. . .there were gentlemen who rode in their carriages who were called 'traffic-takers'. One of these gentlemen in 1844 . . . was sent to take the traffic on a railway called the Manchester and Southampton. It did not go to Manchester and it did not go to Southampton; but it was certainly an intermediate link between these places. This gentleman went to a place in Wilts. where there was a fair, and there took the number of sheep on the fair day, and assuming that there would be the same number all the days of the year, he doubled or trebled the amount for what he called 'development'* [at this laughter] *and the result was that he calculated that by sheep alone the Manchester and Southampton line would pay 15%.*"

The speculative climate that ensued was chaotic, dividends soared and company share prices rocketed, the Board of Trade hardly able to cope with the number of applications. All classes rubbed shoulders in the stockbrokers' offices, all wanting to get in on the bonanza. Lord Clanricarde reported in the Lords in 1845, that a charwoman's son had put his name down for £52,000 of stock in the London and York Line, whilst his



Somersetshire Coal Canal.

LOCK FUND.

This Ticket certifies, That by Virtue of an Act of Parliament passed in the 42d. Year of the Reign of King George the Third, intituled,

"AN ACT for enabling the Company of Proprietors of the Somersetshire Coal Canal Navigation to vary and alter the Lines of the said Canal; to raise Money for completing the said Canal and Works, and to alter and amend the Powers and Provisions of the several Acts passed for making the said Canal."

as a Proprietor of the Kennet and Avon Canal, was permitted to subscribe to this Undertaking, and entitled to a Share therein Numbered

In Testimony whereof the Common Seal of the Somersetshire Coal Canal Company is hereunto affixed this Day of One Thousand Eight Hundred and

weekly wage was only a mere 12/-. Also in 1845 the Leeds police were called out to keep the streets clear around the Stock Exchange where over 100,000 railway shares were traded daily! Cartoonists had a field day, the most celebrated being one of the young Queen Victoria consoling a destitute Prince Albert, who through floods of tears reported that he held no railway stock. The mania can perhaps be understood when one looks at the sort of money which could be earned for doing nix, never before had the general public had such an opportunity to participate, and the days of the limited company were still some 15 years hence.

Before considering the most famous of the railway speculators, George Hudson, let us look at why the mania fell so dramatically. Lord Morley in his book the 'Life of Gladstone' discussing the mania perhaps sums its fall simply when he says it:

" . . . *was even more widely disastrous than any investment had been since the days of the South Sea Bubble.*'

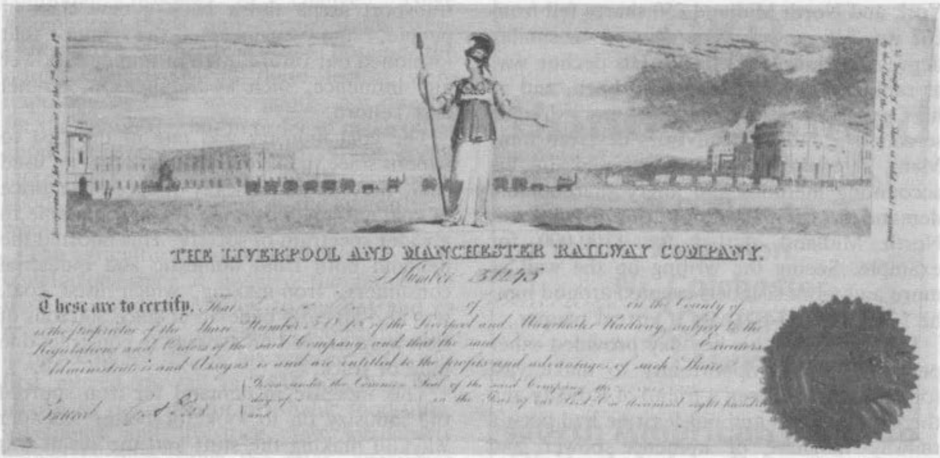
The crash came during a general economic slump caused by the repeal of the Corn Laws in 1846 which resulted in the huge influx of imported food, coupled with the fall in domestic prices, which was disastrous for those involved in the corn trade. Simultaneously there was a shortage in the supply of American cotton which also shot up prices. These two and other economic factors meant that the corresponding rise in imports caused a tremendous drain on treasury reserves, and at one stage it looked as if the Bank of England would clamp down on loans. The resultant financial panic was brief and it effectively killed the railway mania dead. Immediately the proposal of schemes fell from 4,500 in 1846 to 1,295 in 1847 and in 1848 it was a mere 17 miles. Share prices halved as did dividends in the corresponding period. The one solid advantage was that the mania established Britain's rail network for future generations. Smaller mini-booms took place in the 1850's and 1860's but in comparison were very small affairs.

The 'Railway King', as George Hudson became known, of the era was much akin to the later Railroad Barons of the U.S.A. He was born at Howsham near York in 1800 and began his illustrious career rather nondescriptly as a draper's apprentice in York. In 1827 he inherited, amidst much mystery, a fortune of £30,000 from his great uncle, making him one of the richest men in York overnight. He immediately invested a large proportion of his fortune in the York and North Midland Railway company formed in 1833. In the same year he established his own bank, the York Banking Co., and also became leader of the local Conservative Party. By 1837 he had increased his political position to Lord Mayor of York, and was now in an ideal situation to begin his financial career in earnest. He tried and to some extent succeeded in establishing York rather than Leeds as a railway centre, chiefly through his chairmanship of the York and North Midland Railway, in which he held 500 shares. He also linked his bank with that of Glyn's in London, whose chairman George Carr Glyn, as already mentioned was a railway enthusiast. Hudson's connection with the York and North Midland stemmed from his being the only willing subscriber to the railway project at a York Railway Committee finance meeting. As treasurer and virtual controller of the Committee he joined his project to Stephenson's North Midland to form the York and North Midland, with a capitalisation of £30,000. The share issued during the mania of 1836 rose from £1 deposit on £50 share to £4, giving the initial holders a tidy profit. Hudson made his fortune and also gained enormous personal prestige from this merger. By 1840 the two lines had been built and it became possible to travel from York to London. Once established Hudson now proposed branch lines to Whitby and Scarborough to his eager shareholders and to protect his line from east-west competition sought to lease the Leeds and Selby Railway. This done he then tried to lease the line's extension to Hull, but the Hull and Selby directors refused to sell. In what was to become typical of the man, he straightaway bought a redundant shipping line which he resurrected and ran in competition from Hull to Selby. In 1945 he finally offered more than his rivals the Leeds and Manchester, and the shareholders of the Hull and Selby sold against their directors' advice to Hudson. Many questions arose as to Hudson's accounting practices which he did himself, but this was forgotten when the premium on York and North Midland shares rose from 17% to 24%.

Continuing his railway exploits Hudson next turned to the Great North of England railway, which was proposed to run from York to Newcastle and which at the time was making heavy going of its northern end. The directors finally decided that they could only complete the York to Darlington section, opened for traffic in 1841. Hudson now came up with a plan to construct the northern half : basically it involved the eight interested railway companies combining together to build the Darlington to Newcastle section; to raise the necessary funds the 8 companies would offer their own shares in the line with a guaranteed dividend of 6%. Hudson was duly elected chairman of the new line, the Newcastle & Darlington Junction railway. The Stockton & Darlington supported by a consortium of Liverpool factories, the latter afraid that the Scottish route would pass up the East and the West coast, the former concerned over harmful competition launched an anti-Hudson publicity campaign. One of their defensive measures was to ensure that the Dean and Chapter of Durham, through whose land Hudson's line was to pass, demanded the highest price possible. Hudson, however, both got his enabling act and got the courts to reduce the Dean's price by two thirds. Once the line was safely established Hudson filled it with his own men.

Hudson continuing his bid for a single line owned by.himself to go from York to London next attempted to gain control of the Birmingham and Derby, which joined with the Midland Counties and his own North Midland would give him his goal. Both the Midland Counties and the Birmingham and Derby were doing badly and were engaged in fierce competition. Hudson approached the shareholders and proposed an amalgamation to the Midland Counties with their rival - they were not interested. Meanwhile he also approached the Birmingham and Derby in secret. His finalised plan involved the merging of all three companies, with the agreement that should the Midland Counties refuse to concede, the North Midland would lease the Birmingham and Derby for a period of 7 years. This would have the affect of wiping out the Midland Counties in any case. The share price of the Birmingham and Derby soon began to rise and it was not long before the secret agreement became public property. Under intense pressure the Midland Counties directors held their ground, they continually reminded their shareholders that Hudson's scheme was purely for the benefit of George Hudson and held little promise for the line. Hudson going over the heads of the directors, promised the shareholders greater dividends from the amalgamation and they agreed - his Midland Railway giant was approved and he earned himself the nick-name of the 'Railway King'.

As other lines were absorbed by Hudson during the approaching years of the mania, any scheme linked with his name became a best-seller. Hudson, however, now began to



adopt somewhat illegal financial practices. For example in 1844 he bought the tiny Brandling Junction Railway and then leased it to the Newcastle and Darlington Junction, the share correspondingly rose and the grateful shareholders granted Hudson a windfall of 1,600 £25 shares. The £10,000 earned by the small line before its takeover mysteriously found its way into Hudson's bank account. Another of his immoral schemes involved the purchase of iron,which during 1844 was readily available and cheap. He had been offered the iron as chairman of the as yet unbuilt Newcastle and Berwick Railway, but the line did not wish to take the gamble - so Hudson bought it on his own account. Some months later when the price rose Hudson sold it as middleman for the Railway to his own company and made a profit of £38,500.

In order to protect his own line from competition Hudson would go to extraordinary lengths, as with the proposed Great Northern Railway. To thwart their efforts he asked the Midlands shareholders for £2½ million for no fixed project and was immediately granted it. This money he used in all sorts of schemes to discredit the Great Northern - but he only succeeded in delaying the approval for one year. Meanwhile in order to continue his opposition from within the House of Commons he succeeded in getting himself elected as M.P. for Sunderland. Hudson now a very rich man bought himself a large mansion at Knightsbridge where he entertained folk such as the Duke of Wellington, with whom he had already helped with a share dealing.

The threat of the Great Northern was still ever present and in 1845 Hudson at last saw a chance of consolidating his position still further when the Eastern Counties Railway invited him to become their new chairman. For Hudson the struggling line, half-built and only paying dividends of around 2%, offered a ready route into London and combined with his own lines a better alternative to the Great Northern's proposed line. In 1846 the Great Northern finally gained their enabling act and this galvanised Hudson into a flurry of activity. From the Midland's shareholders and those of the York and North Midland and Newcastle and Darlington Junction he gained approval for £10 million of branch lines.

Bu by now the opposition parties had rallied and blocked his schemes wherever possible and by 1847 his own shareholders began to criticise Hudson's empire. This coupled with the terrible economic climate of

1848 seriously affected Hudson's lines : the York and North Midland £50 shares fell from £62 to £46 and others showed a similar depressing downward trend. His decline was as rapid as his ascendency had been, and as his financial position grew daily more thin his so-called friends and advisors deserted him. Many irregularities were exposed in his accounting methods and angry shareholders demanded compensation, the York and North Midland settled for £100,000 for example. Seeing the writing on the wall as more and more scandals erupted around him, he left in 1855 for Spain a virtual pauper.

He had during his hey-day provided other people with the opportunity to make vast fortunes, he had been a friend of Royalty and the upper classes and not least he had been a railway magnate of immense power and wealth who put York on the map.

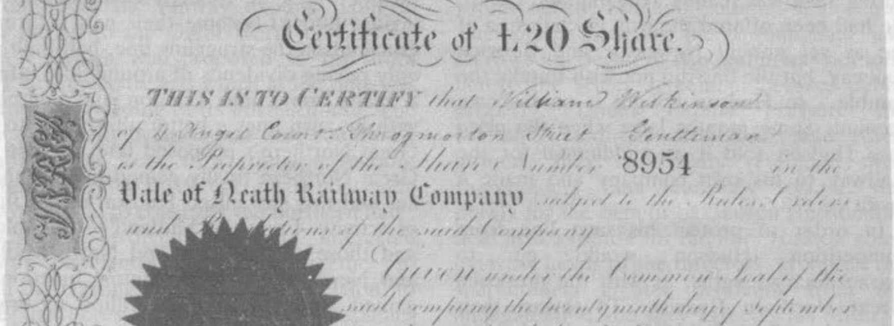
Before finally closing this talk on the railway and canal manias, it is worth mentioning briefly the effects the railways had on the country.

The railways provided a stimulus to industry, especially the coal, iron and steel engineering industries, the steam locomotive being the culmination and show-piece of the Industrial Revolution. This revolution in the transport arena threw back a new class of people, the engineers, the men that fashioned our future, men of immense power and influence, such as Stephenson, Brunel and Telford.

The coal industry was one of the first to benefit since the locomotives themselves used coal, they also drastically reduced the price of coal and made it more readily available to a wider spectrum of society. This boosted the demand both from domestic and industrial consumers. Iron-making, which used coal, was also an early benefactor since 300 tons of iron were needed on average to construct one mile of track.

This increase in demand for iron spurred the industry on to look for better, cheaper ways of making the stuff and the result was Bessemer's invention, the steel-convertor. The railways in their turn brought the ore, limestone and coal needed by the industry more cheaply and more importantly on a regular basis to the foundries.

The civil engineering industry under constant pressure from the railways for locomotives, carriages, bridges and tunnels became vastly involved and was engaged in a


THE VALE OF NEATH RAILWAY COMPANY.

Certificate of £20 Share.

THIS IS TO CERTIFY that William Wilkinson of 4 Angel Court Throgmorton Street Gentleman is the Proprietor of the Share Number 8954 in the Vale of Neath Railway Company subject to the Rules, Orders and Regulations of the said Company.

Given under the Common Seal of the said Company the twenty ninth day of September one thousand eight hundred forty six

Registered No. [illegible]

continual process of change. Huge locomotion sheds and repair shops were built, large covered stations became the norm. Collectively all these factors were important as they made goods, not directly for the consumer, but in order to make other goods. The growth of these capital goods industries began a boom in the consumer goods industry and thus in the nation as a whole.

The agricultural industry was also an early benefactor, since it enabled the farmer to send his produce quickly to market and to receive back the necessary foodstuffs and implements for use on his acreage. Milk was first moved by rail in 1844 together with increasing quantities of perishable foodstuffs, vegetables and livestock, this availability helped to push down the price, encourage demand and introduce into cities fresh produce. For the first time the farmer could now get guano manure delivered to him as well as the growing assortment of agricultural machinery.

But perhaps the greatest and most far reaching consequence of the railways, unforeseen by the railway companies themselves was the mobility of people. The communications industry. The railways made fashionable numerous coastal sea-side resorts, for example. In 1851 80 million travelled by rail, but by 1881 this figure had risen to 600 million, with Thomas Cook introducing holidays by rail. The shining example of the railways' usefulness was demonstrated at the Great Exhibition of 1851 held in Hyde Park, constructed of tons of iron and glass all brought in by rail, the 19,000 exhibits were all brought in by rail as were the 6 million visitors all on special fare excursion rates.

And finally the railways sponsored the use of the telegraph line system, initially for the direction of trains, but later to build links between nations, as when the S.S. Great Eastern laid the Atlantic Cable in 1856.

CLASSIFIED ADVERTISEMENTS

WANTED

Insurance Policies, pre 1860,
Jonathan Lyttleton, 2 Elm Walk, London N.W.3.

Aircraft Co's, U.S. Rails pre 1888, wanted by collector,
G. Pitman, c/o T.S.B., 539 High Road, Wembley, Middx.

Cemetery Companies, wanted for personal collection,
M. Veissid, R. M. Smythe & Co., 352 Grand Buildings, Trafalgar Square, London, W.C.2., 01-930 2887.

Pier Companies, wanted, pre 1920,
T. J. Robson, 53 Edward Road, Coulsdon, Surrey, Tel. 01-668 6688

Cornwall & Devon Mining Co's, also certificates of Witu Rubber Estates Ltd. (1909-15),
Justin Brooke, Chymorvah Vean, Marazion, Cornwall.

Waterlow, certificates printed by Waterlow & Sons or Waterlow Bros. & Layton wanted.
J. McHugh, 159 Great Tattenhams, Epsom Downs, Epsom, Surrey.

Russian Banks & Industrials, pre 1917,
S. Maier, Flat 9, 16 Bina Gardens, London S.W.9.

Spanish Railways, wanted by collector,
J. C. Whitworth, Moor Hall, Thorley, Bishop's Stortford, Herts., CM23 4BJ.

Australian Banks, plus other pre 1890 Australian **non**-mining companies,
E. Robinson, Moor Wood, Cirencester, Glos. GL7 7EB.

Scandinavian Bonds, also world bank shares and decorative items,
Tryggve G. Ogland, Geldbergstr. 5, D-6072 Dreieich, West Germany.

India, Bonds & Shares, pre 1930 wanted,
Clive Brunswick, 4 Croye Close, Andover, Hants., SP10 3AF.

Rhodesia, mining pre 1910,
W. Aves, 1 Hydethorpe Avenue, London, N9 9RS.

FOR SALE

Shanghai-Nanking Railway Bond £100 1903 type 2, dated 1907, VF, offers please to :
J. A. Harrowsmith, 1 Lea Croft, Clifford, Wetherby LS23 6EY.

Chinese, Russian & U.S.A. Bonds for sale, please send for list :
E. H. Garland, P.O. Box 20503, Hennessy Road, P.O. Hong Kong.

U.S. Railway Bonds for sale, send for list from :
David Chapman, 43 North Acre, Banstead, Surrey.

Membership list on pages 41 – 43 removed to comply with privacy requirements.