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THE SUBSTITUTION OF STOCK

FOR OTHER FORMS OF

LOCAL INDEBTEDNESS.

A PAPER READ BEFORE THE

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(JONATHAN PIM, ESQ., IN THE CHAIR.)

BY

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THE SUBSTITUTION OF STOCK FOR OTHER FORMS OF LOCAL INDEBTEDNESS.

THE substitution of debenture stock or consolidated stock for other forms of local indebtedness has already occupied the attention of this Society. I find that in July, 1871, Doctor Neilson Hancock contributed to its transactions a paper detailing the operation of the Acts of 1869 and 1870, under which the London Metropolitan Board of Works was empowered to issue consolidated stock for the other sureties then existing and for all future borrowing; and at the same time Dr. Hancock suggested a plan of applying such improvements in the management of town finance to the debts and borrowing powers of the Town Council of Dublin.

In briefly reviewing financial progress in this direction, Dr. Hancock pointed out how favoured as a security were the transferable annuities, and how by skilful financing and attending to differences of rates of interest and terms of redemption, the National Debt had been reduced in the period between 1816 and 1871 by 15 per cent.—the public confidence in this class of security so increasing that stock issued at 5 per cent. and 4 per cent. could after a time be floated at 3 per cent. He also referred to the railway companies which had originally commenced with the ancient method of mortgages and debentures, having eventually substituted a debenture stock, as in the instance of the Great Southern and Western Railway in 1852: but while this closely resembles Government stock, it was less in public credit by $\frac{3}{4}$ per cent., partly because the unlimited power of taxation possessed by Government gives an absolute security, and partly because it is not recognized by the law as trustee security, unless the trustee is expressly authorized by the trust deed to invest in it.

I do not propose to enter into the details of Dr. Hancock's plan, as his valuable paper remains for reference in the transactions of the Society, but I do desire to throw out for your consideration the desirability, and indeed greatly increased necessity, of acting on the lines so laid down in dealing with the finances of local authorities.

The operation in England of the Public Health Act of 1875, and in Ireland of that of 1878, has enormously increased the borrowing powers of local bodies in their capacity of sanitary authorities. Thus in Dublin, under the Public Health Act, the Municipal Council can take up loans to the amount of a million and a quarter, and this by no means represents the limit of borrowing, as further loans are obtainable on the security of the city's estates and of the revenue derived from the sale of water outside the municipality. The obligations thrown on the local bodies by these Acts, requiring them to adopt expensive schemes tending to improve the public health, and the advancement of public opinion in sanitation, have had the effect of stimulating sanitary authorities generally to take up loans freely.

The reports of the Local Government Board in England show that the expenditure of urban authorities had grown from £14,874,602 in 1877 to £17,492,704 in 1878, and the aggregate growth in the local indebtedness of England and Wales, in the three years ended December, 1877, is placed at £13,482,285, of which £7,992,650 represented loans to sanitary authorities. The reports set forth that loans for paving, sewerage, water-works, gas works, street improvements, parks, etc., in sanitary districts were sanctioned as follows:—

		Urban Districts.		Rural Districts.
1875	...	£1,835,797	...	£139,718
1876	...	2,563,708	...	204,456
1877	...	4,183,577	...	330,313
1878	...	2,859,677	...	238,180
1879	...	2,870,601	...	—

The large amount in 1877 was mainly due to the large loans sanctioned to be raised by Birmingham for a scheme of artisans dwellings. Altogether Birmingham obtained sanction in the year 1877 for raising £1,303,940; Bristol, £194,050; Liverpool, £62,000; Sheffield, £100,000; St. Helens in Lancashire, £178,500; Brighton, £31,200. In 1878 the amount for Sheffield alone was £345,250. The loans were required for works mainly of primary sanitary importance—sewers, water supply, hospitals, etc.

So heavy a strain on the imperial exchequer could not but attract attention, and early in 1879 the Chancellor of the Exchequer intimated that some limit should be placed on the demands of the local authorities. Subsequently, the Public Works Loans' Act 1879 (42 & 43 Vic. c. 77) was passed, sec. 2 of which limits the advances to be made by Government in any one year to any sanitary authority to £100,000. This, however, is practically only a restriction in the case of the larger municipalities, or in the case of exceptionally large expenditure, as in the instance of a scheme of water-works or main drainage.

The rates at which loans are granted by Government under the Public Health Acts are as follows:—

- $3\frac{1}{2}$ per cent. if loan be repayable within a period not exceeding 20 years.
- $3\frac{3}{4}$ per cent. if loan be repayable within a period not exceeding 30 years.
- 4 per cent. if loan be repayable within a period exceeding 30 years, but not exceeding 40 years.
- $4\frac{1}{4}$ per cent. if loan be repayable within a period exceeding 40 years.

It will be evident that these rates afford great facilities to local authorities, but it is also clear that they require an elaborate system of accounting, both on the part of the Government and of the local authorities; the latter making provision in their estimates of the exact sums necessary in each approaching year to cover interest and instalments on the several loans. It remains to be considered whether money cannot be had more cheaply when it is desirable it should not be repaid within terms of twenty years or thirty years, as in the case of permanent works, the sanitary advantages of which would be felt by successive generations of ratepayers—who should therefore contribute to repayment; and also whether the imperial exchequer could not with advantage be relieved of the strain put on it by the demands of local authorities, which promise to increase as the knowledge of

sanitary principles becomes more widely diffused. It should be borne in mind that the loans sanctioned by the Local Government Board are but an indication of the activity of local authorities, as they by no means represent the amounts borrowed—the sanction of the Board not being necessary in many cases. For instance, in the session 1877 powers had been conferred by special local acts on twenty urban sanitary authorities to raise money under local acts, irrespective of the sanction of the Local Government Board, to the amount of £4,141,857; in 1878, to twenty-one local authorities, to raise sums amounting to £2,107,563; and in 1879 to twenty-four others, to raise £6,427,754.

Under these circumstances it appears that a solution of the difficulty can be had by the extended application of a statute, the operation of which has been restricted to England, and the provisions of which have not until very recently been extensively availed of.

The Local Loans Act of 1875 (38 & 39 Vic. c. 83) regulates clearly in detail the issue of debenture stock by local authorities having power to raise loans in this manner. It declares that a local authority shall be deemed to borrow subject to its provisions whenever it raises a loan by the issue of debentures or debenture stock, or annuity certificates, that the stock shall bear such rate of interest, and be payable at such times as the local authority may declare at the time of issue of the stock, and be a charge on the local rate or property then specified. Owners of such securities are not bound to inquire into the application of the money advanced by them, or be in any way responsible for its misapplication. A remedy by mandamus against the local authority is provided for non-payment of any sum due in respect of such securities, or a receiver may be appointed. If no period for the discharge of the loan is prescribed at time of issue, it is to be discharged within twenty years, either by the issue of annuity certificates, limited to expire within the prescribed period, or of debentures payable in such manner, that in each year such number will be paid off as will secure repayment within the prescribed period, of the whole sum by equal annual instalments, or by annual appropriation of a fixed sum to the discharge of a certain portion of the loan, or where a sinking fund is prescribed but not otherwise, by the establishment of such fund. A return of the sinking fund is to be made to the Local Government Board within twenty-one days after the expiration of each year, showing the amount invested, description of securities, and the purposes to which any portion of the fund may have been applied during the year. If the local authority fail to comply with the provisions of the Act in respect of the fund, the Local Government Board may by order direct that the sum in respect of which default has been made, is to be raised and invested, or applied as part of the sinking fund, and such order may be enforced by mandamus. Coupons may be issued with debentures, and, whether attached thereto or not, are exempt from stamp duty. A register of securities issued under the act is to be kept by the local authority. Local authorities may apply to the Local Government Board to authorize the issue of such securities under official sanction, and the sanction of the Board is declared conclusive evidence that the local authority had power to issue such

securities, and that they have been duly issued; and the Board, at the request of the owner of any such security, shall furnish him with the rateable valuation of the property, subject to the rate on which the security is charged; and where the security is a charge on property, of the estimated value of such property. Trustees or others authorized or directed to invest in the debentures, or debenture stock of any railway or other company, are empowered to invest in debentures issued under the Act. The Public Works Loan Commissioners also, when satisfied with the sufficiency of the rates or other property on which a loan is charged, may take such debentures as security for a loan to the local authority. Power is given to local authorities to reborrow for the purpose of discharging any loan contracted before or after the passing of the Act, and a "local authority" within the meaning of the Act is not only the council of a municipal borough, but also means "the justices of any county, liberty, riding, parts or division of a county, in general or quarter sessions assembled," also any authority whatsoever having power to levy a rate as in the Act defined, also any authority prescribed by any Act authorizing a local authority to borrow.

In 1877, the urban sanitary authorities of Burslem, Dartmouth, Newport (Isle of Wight), Peterborough, and Richmond, sought and obtained such sanction, the sums secured by the debentures amounting to £148,700, raised at 4 to $4\frac{1}{8}$ per cent. In 1878, the local authorities of Dorchester, Kingston-upon-Hull, and St. Helens, the Vestry of Richmond, Smithwick Local Board, and rural sanitary authority of St. Thomas' Union, likewise issued debentures at 4 to $4\frac{1}{4}$ per cent., the sums amounting to £240,300. In 1879, Kingston-upon-Hull, Newport (Isle of Wight), Richmond, St. Helens, and St. Thomas, sought and obtained authority to raise similarly sums amounting to £32,055.

The Local Government Board point out that local authorities are empowered by statute to raise loans otherwise than with the sanction of the Board, so that these figures are not to be taken as representing the extent to which the provisions of the Act are being availed of, and they mention, as an indication of the extent to which its benefits are appreciated, that the local Acts conferring borrowing power on local authorities, which have been passed since the Act of 1875 came into operation, have generally contained special enactments enabling authorities to raise loans in this manner, subject to its provisions.

The management of the several loans from time to time raised by Birmingham, occupied much of the attention of the council of the borough, and after due consideration in May last year a provisional order was obtained authorizing the conversion of the corporate debt of the borough into Birmingham Corporation Stock. It recites that the corporation had from time to time borrowed various moneys which are respectively charged upon different securities, with different priorities, at different rates of interest, subject to different conditions, and repayable at different times, that a local Water Act of 1875 provides for the substitution of a continuing stock for renewable mortgages, but doubts had arisen whether such stock could be created in respect of loans not raised for the purposes of the water under-

taking. It recites the powers* of the Local Government Board—under sec. 297 of the Public Health Act of 1875—to repeal, alter, or amend provisional orders, and under sec. 303, on the application of the sanitary authority of the district, to repeal, alter, or amend, any local Act (except one for the conservancy of rivers), which relates to the same subject matters as the Public Health Act, and declares:—

“It shall be lawful for the corporation from time to time to determine by resolution that any perpetual annuities payable by them, or that the whole or any portion of their debt then subsisting on security of outstanding mortgages or bonds of the corporation, whether such annuities, mortgages, and bonds have been issued and created before or after the commencement of this order, and under the . . . provisions of any of the local Acts and provisional orders confirmed by the confirming Acts mentioned in the said first schedule, or under the provisions of any other Act of Parliament, general or special, passed or to be passed, or any other provisional order made or to be made and for the time being in force, may be converted into stock, not exceeding an amount to be specified in such resolution, to be called the ‘Birmingham Corporation Stock’ (hereinafter referred to as ‘stock’), either by agreement with the holders of such annuities, mortgages, or bonds, or by paying off such mortgages or bonds when due, and issuing stock of a corresponding amount, regard being had to such extent as the corporation shall think fit to any difference in the rates of interest instead of reborrowing the sums so paid off; and also from time to time, subject to the provisions of this order, to determine by resolution that the whole or any part, to be defined in and by such resolution, of any moneys which the Corporation shall have authority to raise by borrowing under the powers of any of the said Acts or orders, and which shall not then have been raised, may be raised by the creation and issue of stock of a corresponding amount instead of borrowing the same; and with respect to the stock so created and issued the following provisions shall have effect:—

“(1) The stock shall be issued by the Corporation in such amounts, in such manner, at such price and times, and subject to such conditions as the Corporation before the creation thereof may from time to time determine: provided always, that the Corporation shall reserve to themselves the right to redeem such stock upon terms to be determined and stated by them previous to the issue thereof.

“(2) The stock shall be a charge upon the borough fund, and the borough rate of the borough, the improvement rate, and the street improvement rate leviable by the Corporation, the waterworks and gasworks undertakings of the Corporation, and the revenues of all landed and other property vested in or belonging to the Corporation, and any other revenue which may be acquired by the Corporation, or upon such of the above securities as may be declared by the Corporation prior to the creation of such stock.

“(3) The stock shall be distributable, transmissible, and transferable as, and shall in other respects have the incidents of, personal estate.”

Power is reserved to the Corporation to sell or lease the lands, waterworks, or gasworks, although charged as security for the stock, and to apply any monies so raised in discharge of such liabilities as are a charge on them in priority to the stock; but subject to this all moneys so received shall be applied in redemption of the stock, or be carried to credit of a loans fund. The rights and priorities of

* Like powers are contained in secs. 214 and 205 respectively of the Public Health (Ireland) Act, 1878.

holders of annuities, mortgages, and bonds, issued before the first creation of stock, are preserved, and cannot be disturbed without consent in writing of the owners. Holders of any portion of the stock have no priority by reason of its creation or issue before any other portion. For the purpose of paying the dividends on and redeeming the stock, a fund called the Birmingham Corporation Loan Fund is established, the main provisions for forming which are as follows :—

“(1) Where any annuity, mortgage, or bond is paid off by means of money raised by the creation of stock under this order, or is converted into such stock, and there is any sinking fund or other fund which has been formed for the payment of the moneys secured by such annuity, mortgage, or bond, either alone or jointly with other annuities, mortgages, or bonds, the Corporation shall carry to the loans fund such sinking fund or other fund, or such proportion thereof as may be the proportion which the moneys secured by such annuity, mortgage, or bond, bears to the total of the moneys secured by all the annuities, mortgages, or bonds for the payment of which such fund has been formed.

“(2) When any stock is issued at a premium, such premium shall be carried to the credit of the loans fund.

“(3) The Corporation shall carry to the loans fund such half-yearly sum as may from time to time be necessary to pay the dividends on all the stock ; and such annual sum as may from time to time be equal to the amount of all the moneys from time to time payable as by this order provided for the redemption of stock.

“(4) The Corporation shall provide such half-yearly and annual sums respectively by means of contributions (hereinafter referred to as ‘contributory payments’) from the several funds, and out of the several accounts, revenues, and rates out of which the same are respectively payable under this order :

“Provided always, that where in any case any such fund, account, revenue, or rate, is by reason of any deficiency therein, wholly or partially insufficient to yield the amount required for any contributory payment, the Corporation shall provide the amount required to make up such insufficiency from the borough fund, or by means of the borough rate.”

This order was confirmed by statute (43 & 44 Vic. c. 178, Local), on the 26th August last ; and under it the Corporation of Birmingham proceeded in January to issue £2,000,000 of stock, at 3½ per cent., payable half-yearly at the Bank of England, or at any of the country branches. The minimum price of issue was fixed at £98 per cent., the first dividend to be payable on the 1st July next, and the stock to be redeemable at par, on or after the 17th of May, 1946, at the option of the Corporation, on one year’s notice. The notice inviting tenders detailed the funds of the Corporation, the capital value of its estates and undertakings, and state of the sinking fund and reserve fund. The issue of stock was for the purpose of paying off £1,530,000 of existing mortgages, and for raising money for purposes of the Artizans and Labourers’ Dwellings’ Act, 1875, and the Public Health Act. Tenders were received on the day fixed, the 18th January, *for the whole amount*, and on the 17th of this month, the stock was inscribed. Its market price is now £102¾.

But Birmingham is not the only Corporation which has successfully effected such financial operations. Liverpool and Nottingham obtained last session similar powers—the former, under the Liverpool Corporation Loans Act, 1880 (43 & 44 Vic. c. 207, Local), the

latter, under the Nottingham Corporation Loans Act, 1880 (43 & 44 Vic. c. 208, Local). The provisions of these statutes are similar to those in the Birmingham Provisional Order. The Liverpool Corporation has since issued £2,000,000 of $3\frac{1}{2}$ per cent. stock a little over par. Its market price is now £103.

Last session the city of Cork also obtained powers in a Local Act (43 & 44 Vic. c. 95, Local), to issue £30,000 in stock for water-works purposes, and to convert the debt of the city into stock. It is proposed to issue £200,000 at 4 per cent., and to offer it at the price of £105 for each £100 of stock; thus making the rate of interest equivalent to £3 16s. 2d. per cent.

Bills are before Parliament this session for empowering the Corporations of Swansea, Kingston-upon-Hull, and Reading, to issue debenture stock.

Ten years ago the 3 per cent. consols stood at $92\frac{3}{8}$. On the 9th inst. they reached $101\frac{3}{8}$. The average price at which London Metropolitan stock has been placed has increased annually; it has been issued at a premium for the past five years; and while in 1869 it was necessary to issue £2,638,674 of stock to raise £2,500,000, £1,750,000 of stock issued in April, 1880, realized £1,787,282, the price being £102 2s. 7d. per cent. The steadily increasing value of the stock may be judged from the following summary:—

Issues of Metropolitan Consolidated Stock ($3\frac{1}{2}$ per cent.)

Date of Issue.	Average price per £100 of Stock.	Amount of Stock.	Sum raised.
	£ s. d.	£ s. d.	£ s. d.
1869, November, ...	94 14 10	2,638,674 0 4	2,500,000 0 0
1871, August, ...	96 6 6	934,304 19 10	900,000 0 0
1873, March 6th, ...	95 11 10	1,883,033 14 4	1,800,000 0 0
1874, February 18th, ...	94 10 0	2,600,000 0 0	2,451,000 0 0
1876, May 11th, ...	100 2 2	1,350,000 0 0	1,351,483 0 0
1877, May 2nd, ...	100 3 2	1,250,000 0 0	1,251,989 0 6
1878, April 16th, ...	100 17 7	2,500,000 0 0	2,521,952 7 0
1879, May 15th, ...	101 9 3	2,150,000 0 0	2,181,451 1 6
1880, April 30th, ...	102 2 7	1,750,000 0 0	1,787,282 16 0

The market price of this stock is now between 107 and 108 per cent., and a further issue is about being made at 3 per cent.

It is evident therefore that the demand for this class of security is increasing, and therefore that it would be a matter of convenience to give further facilities to the investing public.

The Local Loans Act of 1875 contemplated a very general application of the system of debenture stock, and if the statute were extended to Ireland, now that every portion of the country is the district of some sanitary authority, urban or rural, it would be open to each local authority to raise money in this way. The experience of the working of the statute in England indicates, however, that when such stock is issued for small amounts, the interest necessary to be offered to induce the public to invest in it is higher than that

at which loans can be obtained from the Government, and that large issues of stock can be made with great advantage. It is not alone necessary that such stock should be absolutely secure, but also that it should be marketable; that there should be a sufficient quantity of it, so that the knowledge of its existence and conditions may be widely diffused, and that there may be such demand and such supply, that intending investors may readily obtain it, and those desiring to sell such securities may quickly part with them at fair prices. Birmingham and Liverpool stock will readily find purchasers who would hesitate to take that of Newport or Kingston-upon-Hull, although these are absolutely secure, now that even the smallest sanitary authorities have unlimited powers of rating. The same cause tends to depreciate the value of the securities of a local authority when it has many afloat of different descriptions, bearing different rates of interest, and coming to maturity at different times. As the Local Loans Act of 1875 prescribes that the local rate or property charged shall be specified in the debentures or annuity certificates issued under its provisions, it follows that a local authority borrowing in this manner would have to charge the rates levied severally, and would thus have the debentures charged, some on one rate, some on another. As securities it is apparent these would not only not be as secure, but also would not be as marketable as consolidated stock charged generally, as in Birmingham and Liverpool, on all the rates, property, and undertakings of the local authority. On the ground alone of not being as marketable, a rate of interest would be necessary higher than in the case of consolidated stock, to induce investors to take the security.

Dr. Hancock has clearly demonstrated the advantages which would be derived from the creation of a Dublin Metropolitan Stock at $3\frac{3}{4}$ per cent., to be probably reduced to $3\frac{1}{2}$ or $3\frac{1}{4}$ per cent., and with what a saving to the city the change could be effected. The annual saving by substituting a $3\frac{1}{2}$ per cent. stock, for the bonds, debentures, and mortgages outstanding at higher rates, would be £6,803 6s. 8d., as follows:—

Account.	Balances of Loans outstanding on 19th April, 1881, subject to a higher rate of inter- est than $3\frac{1}{2}$ per cent.			Present charge per annum for interest.			Charge for inter- est if the rate were $3\frac{1}{2}$ per cent. per annum.			Decreased an- nual charge consequent on rate being reduced to $3\frac{1}{2}$ per cent. per annum.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Borough Fund Account, ...	210,593	7	0	8,422	6	9	6,369	11	5	2,052	15	4
Water-works Fund Account,	565,584	6	0	23,480	5	3	19,695	8	11	3,784	16	4
Improvement Fund Account,	89,100	0	0	4,084	5	0	3,118	10	0	965	15	0
	£ 865,277	13	0	35,986	17	0	29,183	10	4	6,803	6	8

Instead of having as at present some bonds and mortgages charged on the Water Rates, some on the Improvement Rates, and some on the Borough Fund, the consolidated stock would be charged upon all the rates levied on the estates, property, and undertakings of the Corporation. It would be absolutely secure, not only through the unlimited powers of rating to supply interest and sinking fund, but also in the large and increasing value of the estates and water undertaking, and it would be sufficient in amount to render it probable it could be floated at a rate of interest not exceeding $3\frac{1}{2}$ per cent.

The question arises—what amount of such stock should a local authority be empowered to issue? The existing debts of the City of Dublin of all descriptions on the 17th ult. amounted to £917,146; but it should be borne in mind that of this £98,185 has been incurred during the past two years for sanitary purposes, and artisans' dwellings schemes, that further loans for like purposes are being arranged for sums amounting to £105,000, that it is probable a main drainage scheme (estimated to cost £300,000), will soon be carried into effect, and that the public will require other and further exercise of the functions of municipal government. Under these circumstances it appears as difficult to fix an absolute limit to the amount, as it would be to state exactly a limit of borrowing powers which a local authority should not exceed. For sanitary works, the Public Health Acts fix as a limit one which varies as the assessable value of the district increases or diminishes. Thus sec. 238 declares that—

“The sum borrowed shall not at any time exceed, with balances of all the outstanding loans contracted by the sanitary authority under the Sanitary Acts and this Act, in the whole twice the net annual value of the premises assessable within the district.”

But many of the English towns have far exceeded this limit. The outstanding loans of Bolton amount to £1,071,572, the rateable value of the urban sanitary district being £359,943, and there are besides municipal loans outstanding to the amount of £262,048. The rateable value of Bradford as an urban sanitary district is £885,477; the loans outstanding amount to £2,686,359. The value of Wigan is £139,522; the loans amount to £470,213.

Local authorities can still continue to borrow for other purposes than those of the Sanitary Acts, on securities other than the sanitary rate, and the indebtedness on account of sanitary loans is not an index to the total indebtedness, as in the case referred to of Bolton, and in the case of Dublin, the total debt of which is £917,146, of which £704,270 represents indebtedness for sanitary matters.

The limit of borrowing power to “twice the net annual value” appears not only too narrow, but also in its application is an inaccurate test of the capability of the property in the district to bear further charges. Perhaps a solution of this may be found by enabling local authorities to borrow to the amount of twice the net annual value of the assessable property of the district taken together with the capitalized value of the property of the local authority in estates and undertakings, or a per-centage within that value. On the other hand it may be urged that there need be no limit, as the local authority would not float advantageously any stock, except

when it was well known that the security was sufficient; and that when sufficient, and the issue necessary in the interests of the locality, the amount required would be readily subscribed. To a local authority, so long as its administration commanded confidence, this would afford a means of raising money at lower rates than at present can be had from the imperial treasury for many purposes, as in the case of works the permanent benefits of which would be spread over long terms of years; and for all purposes such a mode of obtaining money would be attended with less delay than at present is involved in cases of loans for sanitary purposes—as in the instance of the communications with the Board of Public Works, the Local Government Board, and Her Majesty's Treasury, in reference to a loan for paving Dublin, with formalities extending from the winter of 1878, to May, 1880, when the Treasury refused the loan on the ground—

“That they were not satisfied that the rateable value of the City of Dublin admits of being further charged, and that they must decline to add a loan of £100,000 to the total amount of previous loans, which, including those of the Docks and Harbour Board, already reach the formidable sum of £1,033,000.”

The money would have been readily had in Dublin at $4\frac{1}{4}$ per cent., as to any one at all acquainted with such matters it was well known that the security was ample, and the loans raised by the Port and Docks Board were in no way connected with those charged on the rates of the city. The error arising from want of knowledge of the circumstances of the locality was pointed out to the Treasury, and the money was eventually advanced at $3\frac{1}{2}$ per cent.* Had the city, however, a consolidated $3\frac{1}{2}$ per cent. debenture stock afloat at the time, and desired to raise the required sum by an issue of stock for the amount required, there can be little doubt the amount would have been subscribed at par, and would have been available without delay.

The foregoing facts indicate that it is clearly advantageous that local authorities generally should be empowered to create stock; that this would afford facilities to investors desiring absolute security; and that a consolidated stock, especially in the case of the larger municipalities, would relieve taxation—in the instance of Dublin to the extent of nearly 3d. in the pound on the valuation of the city.

* A letter of the 8th May, 1880, addressed by the Right Hon. E. Dwyer Gray, M.P., Lord Mayor of Dublin, to the Commissioners of Public Works (Ireland), to be forwarded to the Lords Commissioners of Her Majesty's Treasury, in regard to their refusal to advance the money, had the following passage:—“If Dublin as a municipality was empowered to issue a single consolidated debt in the same manner, and under the same conditions as the Metropolitan Board of Works, London, it is believed the city could borrow as cheaply in the open market, and would not require to apply to the Treasury at all; but the law does not permit this.” The Lords Commissioners, in commenting on this, replied:—“My Lords can only say that any recommendation to extend to Ireland provisions similar to those contained in the Local Loans Act, 1875 (38 and 39 Vic., cap. 83), would meet with most ready and attentive consideration by the Board of Treasury.”