

**SIXTH ANNUAL REPORT OF THE
COUNCIL OF THE CORPORATION
OF FOREIGN BONDHOLDERS,
FOR THE YEAR 1878**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649224302

Sixth annual report of the Council of the Corporation of foreign bondholders, for the year 1878
by Various

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

VARIOUS

**SIXTH ANNUAL REPORT OF THE
COUNCIL OF THE CORPORATION
OF FOREIGN BONDHOLDERS,
FOR THE YEAR 1878**

SIXTH ANNUAL GENERAL REPORT
OF THE COUNCIL
OF THE
CORPORATION OF FOREIGN
BONDHOLDERS,

*Incorporated on the First of August, 1873,
by Licence of the Board of Trade.*

FOR THE YEAR 1878.

TO BE SUBMITTED TO THE
GENERAL COURT OF MEMBERS OF THE CORPORATION
CONVENED FOR
THE 28TH OF FEBRUARY, 1879, AT 3 O'CLOCK.

*At the Councilhouse, 17, Moorgate Street,
in the City of London.*

LONDON:
COUNCILHOUSE, No. 17, MOORGATE STREET,
FEBRUARY, 1879.

THE CORPORATION OF FOREIGN BONDHOLDERS.

NOTICE OF GENERAL MEETING.

NOTICE IS HEREBY GIVEN, that the SEVENTH ORDINARY GENERAL MEETING of the CORPORATION OF FOREIGN BONDHOLDERS will be held at the COUNCILHOUSE, No. 17, Moorgate Street, in the City of London, on FRIDAY, the 28TH day of FEBRUARY, 1879, at Three o'clock in the Afternoon, for the following purposes:—

- (1.) To consider the Report of the proceedings of the Council, and the Statement of Accounts made up to the 31st December, 1878.
- (2.) To elect five Members of the Council, in place of the Right Honourable E. P. Bouverie, Mr. A. B. Abraham, General Sir George Balfour, Mr. F. Bemoch, and the Right Honourable G. A. F. Cavendish-Bentinck, who retire by rotation, but being eligible, offer themselves for re-election.
- (3.) To elect Auditors for the ensuing year. Messrs. Cooper, Wintle and Co., the retiring Auditors, offer themselves for re-election.
- (4.) To transact all such other business as may be transacted at Ordinary Meetings of the Corporation, and to pass Resolutions thereon.

By Order of the Council,

HYDE CLARKE,

Secretary.

COUNCILHOUSE,

17, MOORGATE STREET, E.C.,

18th February, 1879.

CONTENTS.

| | PAGE. |
|-----------------------------------------|-------|
| REPORT | 5 |
| APPENDIX :— | |
| Austria | 12 |
| Bolivia | 13 |
| Colombia | 15 |
| Costa Rica | 17 |
| Ecuador | 20 |
| Egypt | 22 |
| Greece | 29 |
| Guatemala | 30 |
| Honduras | 33 |
| Liberia | 33 |
| Louisiana | 34 |
| Mexico | 35 |
| Paraguay | 38 |
| Peru | 40 |
| Roumania | 44 |
| Salvador | 46 |
| Santo Domingo | 47 |
| Spain | 48 |
| Tennessee | 50 |
| Tunis | 50 |
| Turkey | 51 |
| Venezuela | 51 |
| Virginia | 53 |
| West Virginia | 57 |
| LIBRARY AND RECORD DEPARTMENT | 58 |

MEMBERS OF THE COUNCIL.

RIGHT HON. EDWARD PLEYDELL-BOUVERIE, *Chairman.*

SIR JOHN LUBBOCK, BART., M.P., F.R.S., } *Deputy*
RICHARD BIDDULPH MARTIN, ESQ. } *Chairman.*

| | |
|---------------------------------------------|---------------------------------|
| AUGUSTUS B. ABRAHAM, ESQ. | HON. HUGH McCULLOCH. |
| GENERAL SIR GEORGE BALFOUR, K.C.B., M.P. | SIR JOHN ROSE, BART., G.C.M.G. |
| FRANCIS BENNOCH, ESQ. | SIR PHILIP ROSE, BART. |
| RIGHT HON. G. A. F. CAVENDISH | E. H. SCOTT, ESQ. |
| BENTINCK, M.P. | CORNELIUS SURGEY, ESQ. |
| LIONEL N. BONAR, ESQ. | GEORGE CAVENDISH TAYLOR, ESQ. |
| JOHN HENRY DANIELL, ESQ. | WILLIAM TROTTER, ESQ. |
| ROGER ETKYN, ESQ. | HENRY TUDOR, ESQ. |
| THE RIGHT HON. LORD KINNAIRD. | SIR HENRY W. TYLER. |
| SIR FRANCIS LYCETT. | LT.-GENERAL J. L. VAUGHAN, C.B. |
| | T. M. WEGUELIN, ESQ., M.P. |

Secretary.

HYDE CLARKE, ESQ.

Standing Counsel.

T. W. SNAGGE, ESQ.

Solicitors.

Messrs. TRAVERS SMITH AND BRAITHWAITE.

Messrs. NORTON, ROSE, NORTON AND BREWER.

Notary.

WILLIAM GRAIN, ESQ.

Auditors.

Messrs. COOPER, WINTLE AND CO.

Bankers.

Messrs. ROBERTS, LUBBOCK AND CO.

SIXTH REPORT
OF THE
CORPORATION OF FOREIGN
BONDHOLDERS.

ANNUAL REPORT OF THE COUNCIL.

THE Council submit, with satisfaction, the enclosed accounts for the twelve months ending the 31st December, 1878, to the approval of the Members of the Corporation.

The Council have determined to redeem thirty of the Certificates of Contribution of the Corporation—which will therefore be drawn and paid off at par, with 5 per cent. interest from their date, in accordance with the Charter of Incorporation. This will leave £45,900 of principal, due to the Founders, for the capital advanced by them.

The usefulness of the Corporation, and the value of the idea, to which it owed its origin, and on which it has been framed, and has been hitherto worked, are, year by year, becoming more demonstrable, by the experience of the public advantage, derived from the action of the Council.

Examples of this advantage will be found in the Appendix.

The aid of the Council has been largely invoked, and its exertions have been freely and readily made, on behalf of the creditors of Foreign States, who are usually without any adequate organisation. These creditors have no recognised method of making their common voice effectively and continuously heard, and are generally wanting in any common financial resource, without which, it is extremely difficult, if not impossible, to take any prompt or vigorous action, in their own defence, or in the assertion of their rights. There seems to be little, or no likelihood of such aid, as is thus rendered by the Council, becoming less requisite in the future, or any probability of a diminution of the wide field, which is offered for its exertions.

The charges and outlay attendant upon or incidental to the liquidation or conversion of a Foreign Loan in default are, as a rule, necessarily heavy. The preliminary negotiations are often protracted, and sometimes involve expensive missions or agencies, and thus a large expenditure of money and labour is frequently incurred before any solid result is actually secured. It is obvious that no distribution of proceeds so obtained among the holders of the Security in default can be pronounced to be strictly just where provision is not made for a fair and equable assessment upon the whole body of holders, so that each may be made to bear his share, and no more than his share, of the burden of expense.

There does not appear to be much difficulty in arriving at a just estimate, in gross, of the amount so to be assessed, but experience has shown that it is not always possible to distribute the burden or enforce a rateable contribution.

It has been found that defaulting Governments, even when willing to make a compromise with their creditors through the medium of the Council or an ordinary Committee, cannot always be induced to allot specially a further amount

to meet an outlay over which they have had no control, and it has been urged with show of reason, that the payment of a lump sum by a defaulting debtor to a liquidator, representing or acting for the creditors, is open to objection. On the other hand, it has been found to be practically impossible to procure the deposit of the whole, or, at best, more than a majority of the defaulting bonds actually in existence or outstanding.

The compounding Government, whose object is generally the restoration of its financial credit and the extinguishment or conversion of the particular debt, is unwilling that non-depositing creditors should be shut out from their share in the distribution; and yet, where the liquidation or conversion is carried through more than one conduit of communication, there is little or nothing to prevent a section of Bondholders from holding aloof until the preliminary negotiations are concluded, and the net proceeds of the operation are ready for conversion; when, singly or through a new Committee, they may claim the conversion of their securities under the arrangement, leaving the earlier depositors, to whose resolution and loyalty the successful result is largely due, to bear the heavier share of the burden.

Thus a section of the holders may in the end be placed in a more favourable position. The subject engages the careful attention of the Council, who are not without hope that a solution may be found for the difficulty. It has been suggested that a stipulation in every arrangement concluded by the Council with a Foreign Government for the conversion of its existing Bonds and Coupons should be that no outstanding Bonds or Coupons should be recognised as entitled to share in the conversion unless accompanied by a Certificate stamped or affixed by the Council, the condition of the grant of such a stamp or Certificate being the payment to the Council of the rateable assessment or contribution