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Spreading the net: Distance, Shareholding and the Geography of Risk in England and Wales, 1870-1935

Janette Rutterford, David R. Green

Abstract

This paper explores the geographic characteristics of investors in England and Wales between 1870 and 1935, as the number of companies listed on London and regional exchanges increased rapidly. Although locally based at first, particularly for ordinary shares relative to preference shares, by the end of the period, investors felt able to invest in companies whose registered office was often more than 100 km away. There were, however, cultural preferences for different types of shares – for example, southerners fixed interest securities to investors based in the north, and Liverpool and London based investors preferred Foreign shares compared with investors in other regions. By the end of the period, there was almost blanket coverage of England and Wales as far as holdings of domestic company shares were concerned..

Résumé

Cet article examine les caractéristiques des investisseurs basés en Angleterre et au Pays de Galles entre 1870 et 1935, période pendant laquelle le nombre de sociétés cotées en Bourse à Londres et en Bourses de province a beaucoup augmenté. Bien qu'ayant d'abord investi dans les sociétés locales, à la fin de cette période les investisseurs se sont sentis capables d'investir dans des sociétés dont le siège était souvent situé a plus de 100 km. Il y avait, cependant, des préférences culturelles pour les différentes variétés d'actions. Par exemple, les investisseurs habitant le sud de l'Angleterre avaient tendance à acheter les obligations à taux fixe, alors qu'en comparaison avec ceux des autres régions, les investisseurs de Liverpool et de Londres préféraient les actions de sociétés ayant des activités à l'étranger. À la fin de la période, il y avait des investisseurs dans toutes les régions en ce qui concerne les actions de sociétés opérant en Angleterre.

Janette Rutterford
Open University Business School
Walton Hall, Milton Keynes
j.rutterford@open.ac.uk

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Introduction

In *A Man of Property,* the first novel of the *Forsyte Saga* published in 1906 that charts the fortunes and misfortunes of the Forsyte family, John Galsworthy remarked

> The historian of the English eighties and nineties will, in good time, depict the somewhat rapid progression from self-contented and contained provincialism to still more self contented if less contained imperialism – in other words, the 'possessive' instinct of the nation on the move.[1]

That 'possessive' instinct – the instinct to know the value of everything and to acquire only that which would provide a decent return on investment – was demonstrated most strongly by the middle class in relation to the ownership of possessions, be it house property, works of art, stocks or shares. It is with the latter that this paper is concerned, for it was in the latter decades of the nineteenth century that Britain became what Robb has termed a 'nation of shareholders' – in the process of which the 'possessive' instinct expanded from a regional and provincial to a national if not international scope of operations. [2] The kinds of shares held by investors, the kinds of companies in which they invested and the kinds of individuals involved in such investments are the key elements in understanding the constituent elements of the rise of Britain as a shareholder nation. Here we explore these issues through the lens of geography, focussing on the relationship between distance, shareholding and concepts of risk. We first explore the significance of shareholding in the population at large, concentrating on its relative importance compared to other forms of wealth. Next, we turn out attention to different geographical scales of analysis, taking account of national patterns of shareholding as well as those that operated at regional and local levels. Finally, we explore some of the implications that the geography of shareholding raises for understanding both individual investor behaviour, corporate activity and, more speculatively, British capitalism.

A Nation of Shareholders

Evidence of individual wealth holding, particularly for those below the very rich studied by Bill Rubinstein and others, is hard to come by other than when the state came calling for its share. This occurred in two ways: the first was through the assessment of incomes, and the second through the assessment for death duties. Whilst the latter has the virtue of providing some aggregate data about different forms of wealth and income, the latter provides much more detailed information of personal wealth holding, albeit for a small sample of individuals. Both, however, tell a consistent story.

Evidence of the growing significance of shares in wealth portfolios from the 1870s is shown in Table 1 which is based on a detailed analysis of the value of personal estates assessed for death duties together with aggregate figures from 1901 until 1928 drawn from Inland Revenue returns of estate duty.[3] The figures support Michie's assessment that between 1850 and 1913, financial assets (albeit including mortgages, bank deposits, trade credit, and government and corporate debt as well as shares) rose from an estimated 39 % to 64% of all assets owned by British people.[4] Although the figures in Table 1 exclude real estate, which inflates the significance of shares somewhat, even if real estate is included shares still held pride of place in overall valuations of personal estates. Their growing importance is also worth noting: the increasing significance of shares, which rose from about 27 per cent to 47 per cent by value between the 1870s and 1890s, which matched the rapid growth in the value of issued capital traded on the London Stock Exchange, was maintained in subsequent decades, falling only in the 1920s as government securities, notably war bonds, became more important.

Table 1 Composition of personal estate at death England and Wales, 1870-1928

(*a percentage of total gross estaet, excludings real estate)*

	Shares	Mortgages, bonds and	Securities	Cash and insurance	Household and trade	Other property

		other debts				
1870-79‡	27.3	23.4	11.4	10.3	12.0	15.5
1880-89‡	35.9	14.6	15.2	12.6	4.5	17.3
1890-99‡	47.1	19.8	7.6	10.7	11.3	3.5
1900-09*	45.6	12.8	11.7	13.3	11.0	5.7
1910-15*	48.1	11.8	9.8	13.3	10.8	6.1
1920-28*	37.6	10.8	27.2	12.6	7.4	4.3

Sources: ‡ = Residuary Death Duty Accounts, 1870-1899 (n=678, 1870-1879; n=348, 1880-1889; n=272, 1890-99. We excluded the estates of Josiah Heap and John Du Pre from the analysis as these extremely wealthy individuals significantly distort the overall average holdings); * = Gross value of personalty subject to Estate Duty, Commissioners of the Inland Revenue: Annual Reports, 1901-1929.

Notes: There are no data for the years 1916-1919 due to World War One. The data for 1920 are based upon the figures for April to December of that year. Figures exclude real estate and money derived from sale of real estate.

Categories: Shares = Proprietary shares and debentures in joint stock companies, UK and overseas; ships or shares in ships. Mortgages, bonds and other debts = money out on mortgage and real estate in UK and overseas; money on bonds, bill notes and other securities; book and other debts due to the estate. Securities = British, imperial and overseas government and municipal securities. Cash and insurance = cash in house; cash in bank; policies of insurance. Household and trade = household goods; stock in trade (including plant and machinery and farming stock); share in personal estate of partnership; patent rights; copyrights; goodwill. Other = expectant interests (under will or settlement); income due (rents, profits dividends and interests); not classified.

The growing importance of shares within individual wealth portfolios and the increasing numbers of persons who seemed to hold shares as part of their personal estate hint at a growing body of shareholders in the population at large. There is, however, no agreement about the number of shareholders at any point in this period. Early rough estimates of the number of 'serious shareholders' in securities in the UK are 250,000 in 1870 and 1 million in 1914.[5] Clapham suggests that there were 900,000 railway and 300,000 bank shareholders in 1914.[6] Michie, however, suggests that lower estimates are likely to be closer to the truth, arguing that some commentators overshoot by ignoring the probability that each share*holding* cannot be taken to represent a share*holder* –many investors will hold a portfolio of several shares.[7] Our own estimates, albeit based on a rough and ready interpretation of information contained in the Residuary Accounts and Death Duty Registers, suggest a figure of around 720,000 in England and Wales during the 1890s.[8] A lower figure is suggested by a 1901 advertisement for the London Share and Debenture Company, which offered companies a cheap mailing service to households which had one or more shareholders, on the basis of information taken from 6,000 company share registers.[9] It claimed that its mailing would reach a total of 499,000 households – but this figure is not intended as an indication of the UK shareholder population, as it ignores additional shareholders in a household. An estimate produced by a rival firm, Smith Dalby-Welch, in 1911 suggests 510,000 shareholders.[10]

No estimates are available for the 1920s and 1930s, but studies were produced after World War II when both Parkinson[11] and the *Financial Times*[12] published separate estimates of the number of shareholders investing in securities listed on the London Stock Exchange based on 1941 share registers. Parkinson estimated a total of 1,137,000 railway shareholdings, 286,330 preference and 826,640 ordinary shareholdings, a total of 1,112,970 for the FT30 companies. He found that, for railway companies, two thirds of the shareholdings were for £500 nominal value or less.[13] The *Financial Times*, in its 1948 study of the FT30 companies estimated a not dissimilar number of ordinary shareholdings: 819,577[14] and a total of 1.25 million British shareholders in 1949, not much higher than the 1 million estimate for 1914.[15] Clearly these and other estimates for previous decades need to be treated with some caution, however they demonstrate the likelihood of a significant increase in the shareholder population between the 1870s and 1940s.

The increase in the number of shareholders reflected several factors. First, there was the mere fact of demographic growth – the population of England and Wales almost doubled from 22,712,256 in 1871 to 39,952,377 by 1931. Secondly, there was an improvement in the material standard of living and the availability of surplus capital for larger numbers of individuals. Until the inflationary pressures of the First World War, the retail price index hardly changed between 1870 and 1914 despite an overall increase in national income.[16] Thirdly, from the later decades of the nineteenth century the decline in middle class family size - a feature that John Galsworthy in the Forsyte Sage rightly or wrongly linked to the falling rate of return on investments – meant that households had more income to invest across the life course.[17]

This increase is also consistent about what we know about supply side issues concerning the growth of opportunities to invest in shares. The early nineteenth-century Companies Acts facilitated company formation, and the introduction of general registration with limited liability by the Joint Stock Companies Act of 1855 made the possibility of investment in company shares less risky and hence more attractive. Shares became available in lower denominations and hence more accessible to less affluent investors.[18] Furthermore, what was arguably of equal importance was the proportion of paid up capital to nominal capital which between the 1860s and 1880s appeared to be lower than it had been in previous decades.[19] Although large denomination shares may have continued, therefore, particularly for flotations that required significant amounts of start-up capital, the reduction in the call on shareholders effectively allowed smaller investors to venture into the market, opening up the pool of potential shareholders beyond the network of affluent insiders.[2021] Some companies, such as canals and banks, often restricted the number of shares which could be held, thereby encouraging a wider shareholding base.[22]

At the same time, stock market securities began to appear more attractive as an alternative to Government securities. For example, gilt yields dipped below 2 % in 1897 and British railway debenture stock yielded around 3 %, when foreign or domestic shares could yield 5 % or more.[23] Real estate could also prove attractive, although the lumpiness of capital investment compared to holding a few shares often made it more difficult to amass sufficient funds to make it a viable proposition. There were also important changes in the classes of shares that were offered. Preference shares and debenture stock, providing lower-risk alternatives to ordinary shares, were increasingly available. Essex-Crosby finds, for instance, that in a sample of some 2,500 companies between 1885 and 1895, the proportion of total capital in the form of preference shares nearly doubled – rising from 12.2% to 22.4%. Over the same period, fixed debt rose from 26% to 40.5% of capital.[24] In 1915, the average capital structure for all companies listed in *Burdett's Official Intelligence* was 50.1% Ordinary Shares, 21.2% Preference Shares and 28.7% Debentures.[25] For securities which were quoted in the Official List, the Stock Exchange required that two thirds of the nominal issue be in the hands of the public. As Hannah has argued, this encouraged wider shareholding than, say, in the United States where companies with family control of ordinary shares were more common.[26] Finally, there was a massive increase in the supply of company securities over the period 1870 to 1935. The total nominal value of securities quoted on the London Stock Exchange increased from £4,343 million to £18,746 million between 1873 and 1933, with railway securities increasing by a factor of five to £3,791m and non-railway securities increasing by a factor of 40 to £3,729m.[27]

The Geography of Shareholding

If the number of shareholders was increasing, as suggested, the question arises as to who and where were these new shareholders? Whilst at this stage the first question is rather difficult to answer, the second is more open to discussion. How important were shareholders in the provinces compared to London-based investors? Was the growth of the shareholding population truly national in scope or did it reflect more nuanced, regional cultures of investment? What kinds of investments were preferred in what areas, and what role did geographical factors play in understanding company strategies in relation to growth and mergers? These questions are relevant. The geographical nature of shareholding has been used to support or refute the role of the stock market in providing funding for British enterprise. For example, Kennedy railed against 'pervasive segmentation spawned by networks of highly localized business contacts' and that provincial stock exchanges did not have the infrastructure to support efficient fund raising. Davis and Gallman argue the opposite: that local investment in such towns as Oldham where as early as 1875 it was estimated that 20% of the population had invested in the local spinning mills allowed informed investment to take place.[28]

There is substantial agreement in the literature that local investors played a crucial role in financing companies registered outside London. For example, Jefferys has argued that local investors often knew the directors of the firms whose securities they bought and that if, with established firms coming to the stock market, vendors retained shares, investors felt they could more safely invest than in distant concerns. This was particularly important in the early days of limited liability, when many shares were partly paid, with potential future calls; when high nominal values prevented diversification across a number of shares; and when, as in the case of some bank shares, shareholders had unlimited liability.[29] Local investment was also encouraged when banks sold shares to potential clients and gas companies sold shares to customers.[30]

Local stock exchanges flourished during the railway boom of the 1840s when the comprehensive geographic coverage of the railways attracted investors from all over the country. By 1885, the Phillips' Investors' Manual of 1885 was able to state that 'the provincial stock exchanges are of almost greater importance in relation to home securities than London'.[31] Many regional stock exchanges specialised in specific sectors, for example, Liverpool in insurance companies and Manchester and Sheffield in iron and steel shares.[32] Chadwicks, the Manchester firm of accountants, actively promoted many of the larger iron and steel company flotations of the 1860s and 1870s, with a large number of Manchester people buying shares in the companies they promoted. Growth in the exchanges outside London was rapid in the late nineteenth and early twentieth centuries, For example, the number of commercial and industrial companies quoted on the Manchester Stock Exchange list increased from 70 in 1885 to nearly 220 in 1906. Newcastle, on the other hand, flourished in the 1890s with the flotation of shipbuilding companies such as Sir W.G . Armstrong Mitchell & Co.[33] New industries such as brewing, bicycles, cars, electricity, and gas all needed to raise new funds from whatever source they could, and the lower costs of raising money locally was attractive, in particular to relatively small companies.[34]

Lavington, cited the relatively low costs for local investors of obtaining information on local companies and hence their superior investment knowledge. By the late 19th century, investors were able to rely on the advice of local brokers, introduced by bankers and solicitors 'of the county or manufacturing town, all of whom, for the sake of their own reputations, and also actuated, one may hope, by sentiments of professional duty and public policy, gave increasingly staid and balanced advice to their clients'.[35] Provincial stock exchanges continued in importance up to World War II, with some local issues in the booms of 1920/1 and 1927/9, with the Macmillan Commission, reporting in 1931, still arguing a case for local investment.[36] After World War I, the London Stock Exchange, for lack of overseas promotions, turned to domestic company flotation and some companies moved their headquarters to London to be closer to financing opportunities.[37]

Some companies remained regionally based. Others, such as Barclays, were formed from the merger of a number of companies and hence registers of shareholders. Yet others grew through new issues. Since banks typically confined their lending to short term loans, it fell to the securities markets to provide long term and even short term finance. It was common to issue debenture stock for working capital purposes. J. Lyons & Co, for example, made a large number of preference share issues in order to expand. Rights issues of ordinary shares were more tricky, requiring existing investors to stump up additional capital in order to avoid dilution of their holding. All these factors should lead one to expect an increase in dispersion of shareholders over time. However, a failure of shareholdings to disperse over time could be explained by an illiquid market in shares, making it difficult to buy or sell at a fair price. For example, Lavington estimated that of over 35,000 securities in Great Britain, only 5000 were quoted and of that number only 400 had a free market in the shares.[38]

Previous research

Little quantitative work has been done on the geographical analysis of shareholders, There is some work on shareholders in particular industries or particular regions of the country. For example, Hudson's study of canal and railway shareholders in the first half of the nineteenth century and Newton's study of Sheffield shareholders in the third quarter of the nineteenth century have both highlighted their geographical proximity to the companies in which they invested. Acheson and Turner, studying banking shareholders in Northern Ireland between 1877 and 1914, found that 87.54% and 84.26% of shareholders in the Ulster Bank lived in the province of Ulster in 1877 and 1914 respectively. In 1877, over 90% were living within 10 miles of the registered office. More generally, of 16 English and Scottish banks between 1849 and 1894, Acheson and Turner categorised 8 of them as having geographically concentrated ownership. [39]

A more general analysis was conducted by Cottrell who looked at the distance from the registered offices of 24 companies in 1865 and 78 companies in 1885, the companies being a 10% random sample of companies registered for those years. He found that, in 1860, 75.9% of shareholders lived within 10 miles of the registered office, compared with 46.67% in 1885. Since almost one quarter of the investors lived abroad for this sample of companies, this meant that 62% of domestic shareholders still lived within the 10 mile limit.

Franks, Mayer and Rossi, using a sample of 1910 registers of 40 companies incorporated around 1900 measured the mean and median distance in miles of ordinary and preference shareholders from the company's city of corporation. They found the means and medians to be 52.2 miles and 15.44 miles respectively for ordinary shareholders and 84.3 miles and 29.69 miles respectively for preference shareholders.

Davis and Huttenback conducted a much larger sample of 260 share registers of English, Welsh and Scottish companies between the years 1883 and 1907 years with a total of 79,994 shareholders. They explored the geographic spread of shareholders specifically concentrating on industrial sectors and firms operating domestically, within the Empire or in foreign countries. They looked at 59 domestic, 75 foreign and 126 Empire companies. They found that 'domestic shares were very broadly held, with stockholders spread fairly evenly from Land's End to John O'Groats' but with greater than average concentrations in Yorkshire, the North, the South and the South West and less than typical concentrations in the Home Counties and the East..[40] Londoners, including those in the City, held more than one half of foreign shares. For empire securities, Londoners accounted for between one-fifth to three-fifths of the total shares concerned. In terms of importance, in 1901, 26 million of England's 31 million people lived outside London and, although Londoners were twice as likely as non-metropolitan investors to buy domestic equities, they were no more important than Yorkshire on a population adjusted basis. Investors outside London held 80% of the value of British firms but less than one third of the value of stock issues by foreign or empire firms.[41]

Data and methodology

For our analysis of the geography of shareholders, the data are drawn from 47 companies, with samples of shareholders taken from a total of 223 share records, for years between 1870 and 1935, together with samples of stockholders listed in registers of Consols for 1872, 1882, 1892 and 1902.[42] A database containing details of 32,957 shareholders sampled from these records was created, called the National Sample Shareholding Database ('National Sample').[43] The total number of shareholdings was *, reflecting the fact that some shareholders may have held more than one type of share in a company or may have held shares for a long period. The companies included in the National Sample reflect a broad range of industrial sectors, based on previous work by Davis and Huttenback and by Wilkins.[44] The seven sectors and subsectors from which companies were drawn are as follows:

- Agriculture – tea, rubber, coffee, sugar, cigars
- Commercial and Breweries – breweries, hotels, retail
- Manufacturing – engineering, steel, food, lighting
- Financial – banks, insurance, investment trusts
- Extractive – iron, coal, oil, gold
- Transport and Communications – railways, tramways, telegraph, shipping
- Utilities – gas, electricity, water

Given the importance of railways in terms of stock market capitalization, it could be argued that the sample of companies should have been drawn predominantly from this sector. .[45] Had we followed this approach, however, we it would not have been possible to explore other elements crucial to an understanding of shareholding behaviour, such as the differences between male and female choice of industry, regional variations, and factors influencing the choice of ordinary shares, preference shares, and fixed interest securities. Also, given the rapid change in industry weightings which took place over the period, to have focussed on one or a narrow range of sectors might also have risked missing those investors attracted by booms and flotations of new industry types and different geographical areas. Rather than base our choice of companies on issued capital, therefore, we chose to sample companies across a range of sectors choosing at least five from companies from each sector. Unlike Davis and Huttenback, we have a majority of 'domestic' companies, compared to empire and foreign. In our case the numbers of companies which can be classified as domestic, empire and foreign are 32, 7 and 7 respectively. Appendix 1 provides a list of the companies in the sample, their sectoral classification, whether we have included details of holders of ordinary, preference and/or fixed interest securities and the years for which share records were sampled.[46]

The choice of companies within sectors was based on several criteria, taking into account the companies' industrial sectors and the location of their activities (UK regions, empire, foreign); their size in terms of issued and authorised capital; their status (public/private); their longevity; and the type of securities (ordinary, preference, fixed interest) which they issued. We included companies that had existed before 1870, those formed during the period, those which lived and died during the period, and those which survived after it. We chose companies that had records at least a decade apart on the grounds that we wished to be able to compare change over time within as well as between companies.[47] Some companies, such as Cuba Submarine Telegraph and Prudential Assurance, had records for much of the period, others,such as the Halifax and Huddersfield Union Bank, only for a shorter span of time. Companies in emerging industries, were only listed later in the period and this meant that we had an increasing number of records and companies over time.

Results

Our analysis supports the view that in the early days of limited liability, shareholders were often based close to the company in which they invested. One example, shown in Figure 1, is that of Halifax and Huddersfield bank in 1875. However, this local emphasis changed over time, as can be seen for domestic shares in Figure 2, where the dispersion of shareholding referred to by Davis and Huttenback can be clearly seen. Figure 2 looks at shareholding for 1870 to 1899 and for 1900 to 1935, a longer period than that covered by Davis and Huttenback.and also the sample of companies includes only English companies. Thus it is of interest to see an increase in both Welsh and Scottish shareholders post 1900 of these English companies.

Figures 1 and 2 about here

Figure 3 maps shareholders in companies registered in Sheffield for 1870 to 1899 and then 1900 to 1935. This does show some dispersion with London shareholders and some investors in the North, probably reflecting quotations on exchanges other than just Sheffield. However, the dispersion is fairly limited for these companies which are in the iron and steel and railway sectors.

Figure 3 about here.

So far, we have looked at our time period of 187o to 1935 split into two periods. Table 1 shows the average distance of shareholders to the town where the company is registered per decade for all security holdings in the national sample.

Table 1 about here.

Table 1 Average distance in km of shareholders from town of registration of company

Period	Within10km	10-99 km	Over 100km	Not known	Total
1870-79	48.3	21.6	23.9	6.2	100.0
1880-89	42.5	18.8	32.7	5.9	100.0
1890-99	35.5	21.0	32.7	10.8	100.0
1900-09	31.1	22.0	37.1	9.7	100.0
1910-19	31.7	21.7	38.6	8.0	100.0
1920+	29.6	23.3	42.5	4.6	100.0

Table 1 clearly shows the decline in local shareholding over time, with 48.3% of all shareholders within 10 km in 1870 to 1879 declining to under 30% by the 1920s. The change is in the over 100km segment, probably reflecting an increase in the number of Londoners, in particular, as well as those retiring to the South.

The factors already cited which may have explained the democratisation and hence dispersion of shareholding include both increased demand and increased supply of shares. In our sample we have different types of security – ordinary and preference shares as well as fixed interest stock. Table 2 shows the change in average distance over time for each of ordinary shares, preference shares and fixed interest stock.

Table 2 Average distance of holders of different types of security from town of registration

ORDINARY				
	10-99	Over	Not	
Within10km	km	100km	known	
50.6	21.7	23.3	4.5	100.0
42.7	18.3	34.0	5.0	100.0
36.6	21.1	31.4	10.8	100.0
34.2	22.0	34.1	9.6	100.0
35.6	20.9	35.8	7.7	100.0
30.7	22.4	42.2	4.7	100.0
PREFERENCE				
	10-99	Over	Not	
Within10km	km	100km	known	
N/A	N/A	N/A	N/A	N/A
35.8	22.5	36.2	5.5	100.0
27.9	17.0	41.9	13.2	100.0
26.0	20.4	43.3	10.3	100.0
24.7	21.9	44.0	9.4	100.0
27.8	23.7	44.2	4.2	100.0
FIXED INTEREST				
	10-99	Over	Not	
Within10km	km	100km	known	
36.4	21.4	27.3	15.0	100.0
46.8	18.5	23.4	11.3	100.0
41.4	26.5	25.1	7.0	100.0
31.3	27.7	33.1	7.9	100.0
30.1	28.1	37.8	3.9	100.0
28.9	34.1	29.3	7.6	100.0

The percentage of ordinary shareholders within 10 km falls from over 50.6% to 30.7% within the period, compared to 35.8% to 27.8% for the 1880s to the 1920s for preference shares. Fixed interest holders of stock live closer to the town or registration than do preference shareholders, but this can be explained by the relatively small sample size for fixed interest investors. It is also interesting that, by the 1920s, there is no significant difference (Z tests) between the dispersions of holders of different risk securities. Risk does appear to have been a factor encouraging local investment, but either risk has reduced (with the majority of the companies paying dividends) or improved communication, better quality of financial intermediaries, and better financial information have reduced the risk of ordinary shares relative to preference shares.

However, averages do not tell the full story. It is worth asking the question whether there are regional or cultural differences in investment behaviour? For example, do London investors, as Davis and Huttenback suggest, behave differently from those based outside London? In Britain there is not one capital market but two.[48].

Figure 4 shows regional differences in portfolios at death for the Residuary Death Duty Accounts sample referred to in Figure 1. London and Lancashire portfolios show the highest proportion of shares, with the South West and Yorkshire the highest proportion of real estate. And there is a North – South divide with southern-held portfolios including fixed interest securities as the second most important category after shares, but representing a minor part of northern portfolios.

Figure 4: Regional composition of assets for men and women 1870-1902

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Source; IR19 series, 1870-1902

Note: This figure excluded the estates of the two wealthiest individuals in the IR19 database, Joshua Milne Heap and James Du Pre, whose estates significantly distort the findings for Lancashire and Cheshire and the Southeast respectively

Figure 5 about here

Figure 5 shows the holdings in domestic, foreign and empire shares in our sample divided into categories comparable with those of David and Huttenback. We have divided our London shareholders into two categories, EC1 and other. In our sample, we find that non-Londoners in England represented 71% of shareholders for domestic companies, 48% for foreign companies and 11% for empire stocks. The City concentrated on foreign and empire securities in almost equal numbers but Londoners ex-City preferred Empire to Foreign shares. We find that Scottish investors preferred Foreign companies to Empire companies and Empire companies to domestic companies.

Table 3

Company Type	Birmingham %	Bristol %	Glasgow %	Liverpool %	London %	Manchester %	Sheffield %
Domestic	84.2	91.6	26.5	76.2	58.6	87.3	96.0
Empire	4.4	2.5	10.6	7.1	23.6	4.4	1.4
Foreign	11.4	5.9	62.8	16.7	17.8	8.3	2.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 3 considers the numbers of investors in domestic, foreign and empire securities based in different towns in England for the whole period. Table 3 supports the anomaly pointed out in Davis and Huttenback that Lancashire investors, in this case Liverpool investors, have a predilection for foreign securities. The foreign companies in our sample are predominantly linked to Latin America, which had substantial shipping links to Liverpool. However, more Scottish investors hold foreign securities than those from any other major city. This can partly be explained by the non-inclusion in our sample of Scottish-registered companies.

Conclusion

This paper has explored the geographic characteristics of investors in England and Wales between 1870 and 1935. Although locally based at first, particularly for ordinary shares relative to preference shares, by the end of the period, investors felt able to invest in companies whose registered office was often more than 100 km away. There were, however, cultural preferences for different types of shares – for example, southerners fixed interest securities to investors based in the north, and Liverpool and London based investors preferred Foreign shares compared with investors in other regions. However, by the end of the period, there was almost blanket coverage of England and Wales as far as holdings of domestic company shares were concerned..

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[1] John Galsworthy, *A Man of Property* (first published 1906, this edition 2001, Wordsworth, Ware), 293.
[2] Reference to Robb
[3] However, the Inland Revenue statistics exclude freehold property not sold at death. The data are market values.
[4] R. Michie, 1999 *The London Stock Exchange: A History*, Oxford: OUP, p.71.
[5] Cited in Michie, *The London and New York Stock Exchanges, 1850 to 1914*, note 67, p.118.
[6] Clapham, J.H., *An Economic History of Modern Britain, Machines and National Rivalries, 1887-1914*, Cambridge University Press: Cambridge, 1938.
[7] R. Michie 2008 'Gamblers, Fools, Victims or Wizards? The British Investor in the Public Mind, 1850-1930' paper given at ESRC workshop on Wealth, Investment and Gender in the Nineteenth and Twentieth Centuries: Open University, Milton Keynes UK 16-17 June
[8] See Green, Owens, Ruterford and Maltby,' Lives in the balance', p. 30.
[9] *Stock Exchange Gazette* 2 March 1901
[10] Smith, Dalby-Welch *Finding the Buyers*, 1911.
[11] Parkinson, *Ownership of industry*, p.17.
[12] *Financial Times*, 2 March, 1949, p. 6.
[13] Parkinson, 'Who owns the railways?', p. 14.
[14] The number of preference shareholdings was not disclosed.
[15] Their estimate was achieved by comparing the names of holders in the 40 company sample with those of two anonymous companies, chosen for very large shareholder registers, and referred to simply as Goliath and AnakGoliath was disclosed as having 148,300 shareholders. *Financial Times*, 2 March, 1949, p.6.
[16] See Cook and Stevenson, *The Longman Handbook of Modern British History, 1714-1995* (Addison Wesley Longman, London, 3rd edn.), p. 187.
[17] Reference
[18] Jefferys, 'Trends', p.161
[19] Cottrell, 'Industrial finance', p. 84-85.
[20] J. B. Jeffreys, 'Trends in Business Organisation in Great Britain since 1856, with special reference to the financial structure of companies, the mechanism of investment and the relationship between the shareholder and the company.' (Ph.D., London, 1938).
[21] Brown, *The Routine of a Public Issue*, p. 5.
[22] Thomas, "The Provincial Stock Exchanges", p. 6.
[23] Mitchell B.R. and P. Deane, Abstract of British Statistics, Cambridge: Cambridge University Press, 1962; Grossman, R.S. 'New indices of British equity prices', *The Journal of Economic History*, vol 62., no. 1, p. 136.
[24] Essex-Crosby, 'Joint Stock' p.31; see also Cottrell, 'Industrial finance', p. 86-88.
[25] Jeffreys, Trends in Business Organisation, p. 458, Appendix E.
[26] L. Hannah, 'The 'Divorce' of Ownership from Control from 1900 Onwards': Re-calibrating Imagined Global Trends', *Business History*, Vol 49, issue 4, July 2007, 404-38. Although see Cheffins, *Corporate Ownership and Control*, Chapter 7, for a critique of Hannah's argument.
[27] Morgan and Thomas, *The Stock Exchange*, Appendix V.
[28] Kennedy, "Notes on Economic Effiiciency", Kennedy, *Industrial Structure*, pp. 124-5 and Davis and Gallman, Evolving Financial Markets, p. 161.
[29] Jefferys. "Business Organisation", pp. 172-5.
[30] Newton and Cottrell, "The first commercial joint-stock banks", p. 117. For example, Dr Carpenter, Chairman of the South Metropolitan Gas Company, in evidence to the Committee on Profit-Sharing and Labour Co-Partnership in the United Kingdom, 1919, reported that they actively encouraged customers to buy shares in small amounts and had done so for all new issues during the last 25 or 30 years. Cited in Rutterford, "The rise of the small investor", p. 10.
[31] Cited in Thomas, "The Provincial Stock Exchanges", p. 114.
[32] Thomas, "The Provincial Exchanges", p. 119, pp. 123-4.
[33] Ibid.
[34] For example, see Harrison"Joint-Stock Company Flotation" on the bicycle industry and Watson, "The New Issue Market " on the brewing industry.
[35] Lavington, *The English Capital Market*, p. 208; Mottram, *A History of Financial Speculation*, p. 244.

[36] Thomas, “The Provincial Stock Exchanges”, pp. 248-51; Report of the Macmillan Committee on Finance and Industry, Cmd. 3987, p. 174.
[37] Grant, *A Study of the Capital Market in Britain*, p. 227.
[38] Lavington, *The English Capital Market*, pp. 221-2.
[39] Hudson, “Attitudes to Investment Risk”; Newton, Capital Networks in the Sheffield Region, 1850-1885. Acheson and Turner, “The Impact of Limited Liability”, p. 339. Hickson and Turner, “The Trading of Unlimited Liability bank shares”, Table 8. Acheson and Turner, “The Secondary Market”, pp. 143-4. Acheson and Turner define geographical concentration to be when 66% or more of the shareholders came from the same county/city/region.
[40] Davis and Huttenback, “Mammon”, pp. 171-2.
[41] Davis and Gallman, *evolving financial markets*, , p. 200.
[42] Forty of these registers represent two or more types of share for the same company and date – e.g. both ordinary and preference shares.
[43] For further details on the data and methodology used for its collection, see Rutterford et al. “Researching shareholding”.
[44] Davis, L.E. and Huttenback, R.A. *Mammon and the pursuit of empire* (Cambridge, 1987), Chapter 2, and Wilkins, M. *The history of foreign investment in the United States 1914-1945* (Cambridge, Mass., 2004). The choice of sectors allowed us to create subsectors and also to be sure that we did not end up, as did the London Stock Exchange, with a large ‘Miscellaneous’ category. For more detailed iscussion of the choice of sectors and of companies in the National Sample, see Rutterford,, J. Maltby, J., Green, D.R. and Owens, A. ‘Researching shareholding and investment in England and Wales: approaches, sources and methods’ *Accounting History* (forthcoming, 2009).
[45] See, for instance, the estimates of railway shareholder numbers by Clapham and by the *Financial Times* quoted above.
[46] In fact the sample of registers included 17 different types of security, for example, deferred shares, vendor shares, capital stock. These seventeen types were placed into one of ordinary, preference and fixed interest according to their characteristics. For further information, see Rutterford et al. ‘Researching ‘. Some share records did not include ordinary shares at all. For example, there were no ordinary shares available to the public for Havana Cigar and Tobacco Factories Limited and for Southern Mahratta Railway Company Limited for any of the years sampled. For other companies, ordinary shares were not publicly held for some of the years sampled. For example, this was the case For J.S. Fry & Sons Limited for 1921 and 1931 and for Boots Pure Drug Company Limited for 1920.
[47] We preferred records for years ending in 1, 2 or 3, to be able to link individual investors with census records.
[48] Davis and Gallman, *Evolving Financial Markets*, p. 200.