



**From landlord to rentier:  
The Wyndham Land Act 1903 and its economic  
consequences for Irish landlords 1903-1933**

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## List of Abbreviations

B.L.	British Library
C.D.B.	Congested Districts Board
<i>D.I.B.</i>	<i>Dictionary of Irish Biography</i>
F.S.I.	Final Schedule of Incumbrances
I.P.P.	Irish Parliamentary Party
I.R.B.	Irish Republican Brotherhood
I.U.P.P.	Irish Unionist Parliamentary Party
M.P.	Member of Parliament
N.A.I.	National Archives of Ireland
N.L.I.	National Library of Ireland
N.U.I.	National University of Ireland
<i>O.D.N.B.</i>	<i>Oxford Dictionary of National Biography</i>
O.M.V.	Open Market Value
P.P.	Parish priest
P.R.O.N.I.	Public Record Office Northern Ireland
R.C.B.	Representative Church Body
T.C.D.	Trinity College Dublin
U.I.L.	United Irish League

## **Glossary of Terms**

Annuity	A fixed sum paid to someone typically for the rest of their lives.
Consols	Short for consolidated annuity meaning a British Government bond without a maturity date.
Death duty	Tax levied on property after the owner's death. Also, called Estate duty or Succession duty.
Entail	Restriction, especially on land, limiting the inheritance to the owner's lineal descendants or to a particular class thereof.
Fee simple	A permanent and absolute tenure in land with freedom to dispose of it at will. Also, known as a freehold interest.
In-globo	In the context of this study the in-globo concept was introduced in Section 6 (2) of the Irish Land Act 1903. It meant that on estates where three-quarters of tenants, in number and value, agreed to purchase their holdings the remainder were compelled to purchase or vacate their land.
Jointure	A property settled on a woman in consideration of marriage, to be owned by her after her husband's death.
Mortgage	A legal agreement whereby a lender gives a loan for a fixed period, at an agreed rate of interest and which is secured on a specific property should the borrower default.
Nominal Return	Return on an investment before deducting inflation.

Option	An option is a financial derivative that represents a contract which entitles, but does not obligate, the option holder to buy or sell a security at an agreed price during a specified period.
Portfolio	Describes a selection of shares owned by an individual or institution.
Quitclaim deed	A legal instrument which is used to transfer interest in real property. The entity transferring its interest is called the grantor and the recipient is called the grantee.
Real property	Property consisting of land or buildings.
Real return	The balance after subtracting the rate of inflation for a given period from the nominal rate of return. For example, if money on deposit in a bank earned a nominal return of 5% per annum and the inflation rate for the year was 3%, the real return on the money is 2%.
Residuary trust	A trust where all the property of a trust that has not been transferred to other beneficiaries is settled on a named individual. It effectively means that the residuary party receives everything that is left after all the trust's obligations are met.
Security	Tradeable financial asset such as shares, bonds, banknotes, debentures, government stock.
Settled trust	A deed where land or other property is given by a settlor into trust so that the beneficiary only has limited right to the property (for example his life), but usually has no right to transfer or sell the land to another.

Trust

A fiduciary relationship in which one party, known as the trustor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary.

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## Introduction

‘In terms of preferment and prestige, power and property, pride and panache, their position was essentially unrivalled. Yet within the space of one hundred years, they were to be eclipsed as the economic elite, undermined as the most glamorous social group and superseded as the governing class.’

David Cannadine<sup>1</sup>

‘The Russian nobility, after receiving considerable capital from the state as compensation for the lost serfs cared little as to how to invest that capital wisely. It spent unskilfully an impressive amount of capital.’

Anatole Mazour<sup>2</sup>

The decline of Irish landlords in the post-Famine period has been the subject of much scholarly research.<sup>3</sup> The subject has been examined by historians through a range of historical prisms and timeframes. This has contributed to a more comprehensive and nuanced understanding of both the reasons for, and the nature of, their demise. Much of this research has been focussed on examining landlords in a political and social context and, to a lesser extent, on their personal financial histories. While historians may attribute different reasons for the decline, there is broad agreement that the Irish Land Act of 1903 played a significant part in the story and in the lives of landlords and their former tenants.<sup>4</sup> There are, however, several historical lacunae that exist, particularly in the areas of pre-Wyndham Act estate management practices, the impact of taxation on landlord finances, understanding of

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<sup>1</sup> David Cannadine, *The decline and fall of the British aristocracy* (London, 1990), p. 25.

<sup>2</sup> Anatole G. Mazour, ‘Economic decline of landlordism in Russia’ in *The Historian*, vol. 8, issue 2 (Mar. 1946), pp 156-62.

<sup>3</sup> John E. Pomfret, *The struggle for land in Ireland 1800-1923* (Princeton, New Jersey, 1930); Barbara Lewis Solow, *The land question and the Irish economy 1870-1903* (Harvard, 1971); James S. Donnelly Jr., *The land and the people of nineteenth-century Cork. The rural economy and the land question* (London, 1975); Paul Bew, *Conflict and conciliation in Ireland, 1890-1910, Parnellites and radical agrarians* (Oxford, 1987); W.E. Vaughan, *Landlords in mid-Victorian Ireland* (Oxford, 1994); Philip Bull, *Land, politics and nationalism: a study of the Irish land question* (Dublin, 1996); Alvin Jackson, *Ireland, 1798-1998* (Oxford, 1999); Terence Dooley, *The decline of the big house in Ireland, a study of landed families 1860-1960* (Dublin, 2001); Fergus Campbell, *Land and revolution: nationalist politics in the west of Ireland 1891-1921* (Oxford, 2005); Olwen Purdue, *The big house in the north of Ireland: land, power and social elites, 1878-1960* (Dublin, 2009).

<sup>4</sup> The Irish Land Act 1903 [3 Ed. VII, c. 37.] (14 Aug. 1903), hereafter referred to as either the Wyndham Act 1903 or the 1903 Act.

the financial provisions of the Wyndham Act, the act's day-to-day operation and most significantly, regarding the wealth management practices of landlords post the sale of their estates. The aim of this thesis is to address these lacunae and, therefore, expand the understanding of the economic decline of the landed elite as they transitioned from landlords to rentiers during the period 1903 to 1933. This latter date closes this thesis because it encompasses a number of significant developments that had a bearing on investment markets in the period, such as the hyper-inflation of the First World War, the deflation of the 1920s, the ongoing decline in bond markets and the stock market crash of 1929.

This study will address a number of questions including: what conditions contributed to the loss of landlords' economic (and by extension social and political) power? Could they have been more efficient and effective landlords? What were George Wyndham's motivations in introducing his land act in 1903? How was such a measure structured and financed? Did the Wyndham Act achieve its objectives? What did landlords do with the money received from the sale of their estates? The thesis begins by describing the economic and personal financial contexts of Irish landlords prevailing at the time the Irish Land Bill 1903 was introduced. It then examines the motivations of George Wyndham in bringing the legislation forward and the act's financial provisions and its operation. Finally, this thesis looks at the economic consequences the act had for landlords particularly with regard to how they managed the monies received from the sale of their estates under the Wyndham Act and subsequent amending legislation during the turbulent period from 1903 to 1933.<sup>5</sup> In the context of this thesis, the Wyndham Act is a fulcrum around which the majority of Ireland's landed class transitioned themselves from landlords to rentiers.

One of the first works to examine in detail the place of land in nineteenth- and early-twentieth century Irish history was J.E. Pomfret's *The struggle for land in Ireland 1800-1923*. Published in 1930, Pomfret's approach was to view land as 'destined to be a source of conflict between the classes' and, by deduction, that the relationship

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<sup>5</sup> The reference to amending legislation refers to the Irish Land Act, 1904 [4 Ed. VII, c. 34] (15 Aug. 1904), Evicted Tenants (Ireland) Act, 1907 [7 Ed. VII, c.56] (28 Aug. 1907), Evicted Tenants (Ireland) Act, 1908 [8 Ed. VII, c. 22] (1 Aug. 1908) and the Irish Land Act, 1909 [9 Ed. VII, c. 42] (3 Dec. 1909).



between landlord and tenant was part of a class warfare, with each side holding sway before the eventual victory of the tenant class.<sup>6</sup> Pomfret saw the Wyndham Act as technically flawed and requiring correction which was applied through the enactment of the Birrell Land Act, 1909, but also concluded that it had, by 1922, resulted in Ireland being converted into ‘a country of peasant proprietors’.<sup>7</sup> The rather traditional image of avaricious, rack-renting, absentee landlords that prevailed in nationalist historical discourse for much of the last century, is in part due to Pomfret’s work. This view, which Vaughan described as: ‘three generations of muddle, exaggeration and tendentiousness’, remained largely unchallenged until Barbara Solow published her *The land question and the Irish economy 1870-1903* in 1971, which provided a statistical framework against which Pomfret’s conclusions on rent levels, evictions and absenteeism could be re-examined and re-assessed.<sup>8</sup> While Pomfret’s work has received much criticism, this author argues that his coverage of the Wyndham Act remains one of the most informative and insightful accounts of its genesis and passage through parliament in Irish historiography.

The central thesis of Solow’s work was that the tenure system, for all its negative influences, was not the root cause of Ireland’s ills.<sup>9</sup> Referring to the Famine for instance, she argued that ‘no tenure system that man could devise would have materially altered the tragic course of Irish history in the 1840s’.<sup>10</sup> The strength of her argument rested on strong statistical evidence garnered mainly from parliamentary reports and statistical papers which she used to debunk many of the myths that had grown in relation to landlords’ approaches to rent increases, the treatment of errant tenants, and the levels of evictions. Solow did not deal to any great extent with the Wyndham Act other than to note that it ‘made by far the greatest contribution’ to land transfers but saw it, and indeed the whole land struggle, as a ‘tragic irrelevance’ in the context of what unfolded in the opening decades of the twentieth century.<sup>11</sup>

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<sup>6</sup> Pomfret, *The struggle for land in Ireland*, ix.

<sup>7</sup> Ibid. p.306. The formal title of the Birrel Act of 1909 is The Irish Land Act 1909 [9 Ed. VII c. 42.].

<sup>8</sup> Vaughan, *Landlords in mid-Victorian Ireland*, ix.

<sup>9</sup> Barbara Lewis Solow, *The land question and the Irish economy 1870-1903* (Harvard, 1971), p. 2.

<sup>10</sup> Ibid. p. 12.

<sup>11</sup> Ibid. p 193.

James S. Donnelly Jr's *The land and the people of nineteenth-century Cork* (1975) brought a human dimension to many of Solow's arid statistical findings by providing a myriad of examples from a wide range of Cork-based estates covering the whole of the nineteenth century. Given the subtext to Donnelly's work, *The rural economy and the land question*, there is a strong focus on these two interrelated themes. He argued that Cork was representative of Ireland as a whole and as such the findings were broadly representative.<sup>12</sup> A key contention of Donnelly was that the land agitation in the closing decades of the nineteenth century was not a function of the deprived tenantry but rather the opposite in that the improvement in economic conditions, 'created a favourable atmosphere for a great assault against landlordism'.<sup>13</sup> He concluded that the land agitation from 1870 onwards did not produce a solution to the land question but it did lead to the 'eventual disintegration of Irish landlordism'.<sup>14</sup> This study agrees with this conclusion.

Dealing with the mid-Victorian period, W.E. Vaughan's *Landlords and tenants in mid-Victorian Ireland* (1994) gave support to Solow's and Donnelly's findings. By examining in detail the records of fifty Irish estates from the 1850s onwards, Vaughan was able to contradict what he referred to as Pomfret's 'comfortable aphorisms'.<sup>15</sup> His work provided concrete evidence that the image of landlords as malignant, engaging in capricious evictions, needed to be challenged, and that rent increases and the aggressive collection of rent arrears was not an accurate representation of landlord behaviour. Vaughan's work suggested the need for a long history approach in considering the final demise of landlords as a class.

Paul Bew's *Conflict and conciliation in Ireland 1890-1910* (1987) places the land question in the context of a struggle between constitutional nationalists and the more militant factions in Irish politics in the post-Parnell era.<sup>16</sup> On the 1903 Act, Bew was strident in his view that Wyndham was not pressurised by United Irish League

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<sup>12</sup> Donnelly Jr., *The land and the people of nineteenth-century Cork*, p. 2.

<sup>13</sup> *Ibid.* p.7.

<sup>14</sup> *Ibid.* p. 377.

<sup>15</sup> Vaughan, *Landlords and tenants*, viii.

<sup>16</sup> Paul Bew, *Conflict and conciliation in Ireland, 1890-1910, Parnellites and radical agrarians* (Oxford, 1987).

(U.I.L.) agitation.<sup>17</sup> Instead, he argues that Wyndham saw his act as an opportunity ‘to settle the Irish land problem – in Unionist eyes – *the* Irish question – for all time’.<sup>18</sup> In stating this he firmly places the Wyndham Act in the context of the policy of constructive unionism.

Philip Bull in his *Land, politics and nationalism: a study of the Irish land question* (1996) sought to place the land question in a broader political context encompassing the Act of Union, Catholic Emancipation, the Famine and the early interventionist stage of the British government in addressing landlord indebtedness through the Encumbered Estates Act of 1849.<sup>19</sup> In particular, he examined the changing dynamics of interaction between landlords, tenants and government as the politicisation of the land question emerged from its convergence with the national question from 1850 onwards. His contention that the various interventions by government served only to redefine rather than resolve the problem was supported by the shift in emphasis by the British government post-1870 from a landlord centric perspective to a much more tenant focussed one, culminating in the Wyndham Act of 1903. Alvin Jackson, *Ireland, 1798-1998* (1999) takes a similar view with regard to the Wyndham Act and saw it as ‘the centre-piece of the conciliation achievement’.<sup>20</sup>

Terence Dooley’s *The decline of the big house in Ireland* (2001) is based on a detailed study of the estate and personal papers of over 100 landed families. It relates the history of the economic, social and political decline of the landed class from the immediate post-Famine era right up to 1960. The picture painted is of an alienated and isolated caste struggling to maintain a position in a dramatically changing world, particularly after 1903. Olwen Purdue in her work *The big house in the north of Ireland* (2009) explored similar ground to Dooley but with an Ulster focus, highlighting the differences between the north and the twenty-six- county area covered by Dooley. The key difference between the two parts of the island was that landlords in the North was that most landlords shared the same religion, culture and indeed politics as their tenants and continued to play an important part in Unionist

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<sup>17</sup> Ibid. p. 98.

<sup>18</sup> Ibid.

<sup>19</sup> Bull, *Land, politics and nationalism: a study of the Irish land question*.

<sup>20</sup> Alvin Jackson, *Ireland, 1798-1998* (Oxford, 1999), p. 158.

politics far into the twentieth century. They also maintained strong links with the Ulster business community in stark contrast to their southern counterparts.<sup>21</sup> Dooley later saw the 1903 Act in terms of a ‘bailout’ for landlords.<sup>22</sup> He contended that the act had failed in its objective of bringing a final solution to the Irish land question, and pointed to the fact that a number of subsequent amending acts were required in post-independence Ireland to complete the process of land transfer and other land-related issues such as the relief of congestion and the plight of the landless and evicted tenants.<sup>23</sup>

Fergus Campbell’s *Land and revolution, nationalist politics in the west of Ireland 1891-1921* (2005) provides an insight into the intense nature of agrarian conflict from the perspective of tenant farmers in the west of Ireland.<sup>24</sup> In adopting such an approach, Campbell is very much following the model devised by E.P. Thompson and Eric Hobsbawm in Britain of telling history through the lives of ordinary people. Campbell focussed on the role played by two political movements the U.I.L. and Sinn Féin. Like Donnelly who argued that Cork was representative of the country, Campbell made a similar claim for the west of Ireland. In contrast to Bew, Campbell saw the 1903 Act as a consequence of U.I.L.-led agitation

In his Ph.D. thesis, Patrick Cosgrove, ‘The Wyndham Land Act, 1903: The final solution to the Irish land question’ (2008), saw the origins of the act in U.I.L. agitation and more significantly, Wyndham’s fears concerning Thomas Russell’s ‘compulsory purchase’ campaign in Ulster.<sup>25</sup> Like Dooley he contended that the act failed to achieve a final solution to the land question. Furthermore, Cosgrove argued that the act ‘succeeded in magnifying the plight of the uneconomic holders, evicted

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<sup>21</sup> Campell, Fergus, *The Irish establishment, 1879-1914* (Oxford, 2009), p.50.

<sup>22</sup> Terence Dooley, *The decline and fall of the dukes of Leinster 1872-1948, love, war, debt and madness* (Dublin, 2014), p. 122.

<sup>23</sup> Terence Dooley, ‘Land and politics in independent Ireland, 1923-45: the case for reappraisal’ in *Irish Historical Studies*, xxxiv, no. 134 (Nov. 2004), p. 178; Terence Dooley, *Land for the people, the land question in independent Ireland* (Dublin, 2004), p. 30.

<sup>24</sup> Fergus Campbell, *Land and revolution: nationalist politics in the west of Ireland 1891-1921* (Oxford, 2005).

<sup>25</sup> The author would like to thank Patrick Cosgrove for a copy of his unpublished Ph.D. thesis; Patrick John Cosgrove, ‘The Wyndham Land Act, 1903: The final solution to the Irish land question?’ (Ph.D. thesis, N.U.I Maynooth, 2008)

tenants, agricultural labourers and the sons of farmers or other landless elements'.<sup>26</sup> Tony Varley (2016), while acknowledging the claims of Campbell and Cosgrove with regard to Wyndham's motivation in bringing forward his 1903 legislation, also contended that 'Given Wyndham's prominence, and that he achieved what he wanted in the end, it would therefore be hard to attribute the full substance of the 1903 Land Act to land agitation.'<sup>27</sup>

This thesis accepts that arguments put forward by historians regarding the motivations, timing and form of the 1903 legislation are valid and defensible. However, the author contends that there are also a number of other interpretations that can be put forward which have not been debated in historiography and which are equally defensible and valid. Firstly, in terms of motivation the legislation can be looked at in the context of an attempt by Wyndham to solve the Irish land problem and in so doing to advance his own political ambitions. He was aided in this by his close relationship with his political mentor and patron, Arthur Balfour, and, through him to successive chancellors of the exchequer, Sir Michael Hicks Beach and Charles Ritchie, without whose support it would not have been possible to bring forward the legislation. In response to many of the criticisms levelled at the act, this study argues that it needs to be looked at as a package of measures grounded in the practices of *realpolitik* designed to achieve a broad objective by addressing the conflicting and up to that time, irreconcilable demands of a range of parties. In this context, failings in individual elements of the act need to be looked at in terms of the overall package. Furthermore, the act should be viewed as a means of providing landlords with a way of making a dignified and economically viable exit from their ever-worsening financial predicament brought on by their own malpractices, proclivities, adverse economic forces and the intervention in the Irish land rental market by successive British governments since 1870. Finally, it was a piece of financial legislation of unprecedented scale and scope which differentiated Irish land reform from any of its European counterparts. Justification for these contentions will be explored and validated in the course of this study.

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<sup>26</sup> Ibid. p. 361.

<sup>27</sup> Tony Varley, 'Gaining ground, losing ground: the politics of land reform in twentieth-century Ireland' in Fergus Campbell and Tony Varley (eds), *Land questions in modern Ireland* (Manchester, 2016), p. 29.

This study has benefited from access to a wide range of primary sources including several sets of estate papers, a number of which have not been accessed or examined in the past such as the Dopping Hepenstall collection in the National Library of Ireland (N.L.I.) and the Brookes family papers obtained from a private source. The importance of these sources is the level of detail they contain. They afforded for the first time an opportunity to examine in detail how the money realised from the sale of their estates following the 1903 Act was invested and the insight they gave to the financial circumstances of the families concerned. Records relating to investment transactions, portfolio valuations, tax returns of individuals and death duty declarations have not previously been examined. With over forty years' experience as a qualified accountant and private client stockbroker, the author was uniquely positioned to carry out research into these oftentimes, highly technical documents. The family papers provided the opportunity to see how investment practices and the structure of portfolios changed in the twenty years after the sale of the estates, thereby providing much necessary context as to the families' financial health in the post-sale era. There are several clear trends that emerged from this examination of the papers including, how decisions were made as regards whether to sell estates, the exercises that were undertaken to forecast how the families would fare financially post the sale of their properties, their approaches to investing the proceeds and the nature and type of professional advisors consulted. The research enabled, for the first time a profile to be compiled as to the wealth management practices of Irish landlords in the opening three decades of the twentieth century.

The material also afforded the opportunity to see how both large (Leinster and Clonbrock) estates and small (Dopping Hepenstall and Brookes) dealt with the complexities of selling their properties. The examination of these papers enabled, for the first time, a case study to be compiled showing the processes involved in the sale of the Dopping Hepenstall Longford and Wicklow estates, highlighting the nature of landlord-tenant negotiations, the complex and long drawn out legal and administrative dealings between the vendor and the Land Commission, and the importance of the part played by professional advisors in bringing the transaction to a completion. In the case of the Dopping Hepenstall and the Clonbrock estates this process took almost ten years to complete.

In addition, the work has benefited from private personal papers, most notably the correspondence between Wyndham and Arthur Balfour, the British prime minister during the period when the former was chief secretary of Ireland. Housed in the British Library these papers provided significant insight into Wyndham's thinking when drafting the legislation. Wyndham was a prolific letter writer and much of this has been published in two volumes within which there are letters to friends detailing his thinking on Irish affairs. Parliamentary papers also provided a rich vein of evidence not just in relation to the aborted 1902 Irish Land Bill and the 1903 Act but also for many other financial bills that were introduced such as the Finance Act 1894 which extended the scope and extent of death duties. In the same vein the Treasury reports, archived at the National Archives in Kew provided much insight into the reactions and conflicts between the Treasury mandarins and the Irish administration in relation to the funding of the various land purchase schemes of the early twentieth-century. Contemporary newspapers supplied not just information and comment but also colour and shade to developments as did the minutes and transactional papers of the Irish Land Convention of 1902 and the Irish Land Conference held later that year. The Shawe Taylor papers housed in Galway County Council Archives also provided significant insight into his role in the Land Conference and his dealings with his fellow landlords and with the administration.

Much of the statistical information used in the thesis came from a wide range of parliamentary reports (agricultural statistical reports, various commissions of enquiry into land-related issues, reports of the estates commissioners charged with transferring land ownership, and banking commissions and so on) as well as parliamentary debates. A systematic analysis of various acts (land acts, annual finance acts) was also undertaken.

These primary sources were supplemented by a variety of longitudinal studies undertaken by various authoritative sources such as the work on Irish agricultural prices from 1750 to 1914 carried out by Kennedy and Solar (2007), the report on agricultural statistics for the period 1845 to 1926 (1927), a study of interest and bond yields carried out by Homer and Sylla (2004) and the Barclays equity-gilt study

1900-2016 (2016)<sup>28</sup> Data from these and other sources has been extrapolated and incorporated into various tables and graphs to provide a comprehensive statistical background to the narrative.

The study would have benefited greatly and possibly opened new avenues of investigation had its request to gain access to the records of the former Irish Land Commission records been granted. Similarly, a request to the Grosvenor family for access to certain unpublished correspondence of George Wyndham was not met.

This study is set out in three distinct but interconnected parts. Chapter 1 examines the estate management practices of Irish landlords in terms of their relationships with middlemen, land agents and their tenantry. It also looks at the level of their investment in improving their estates, personal indebtedness and estate rentals in the context of fluctuating agricultural fortunes. The impact of external factors such as taxation, the effect of new supply sources on agricultural product prices and the depression in agriculture from 1877 onwards are also examined. The aim of chapter 1 therefore is to put the financial position of Irish landlords in context in the period leading up to the introduction of the Wyndham Act. Chapters 2, 3 and 4 make up the second part of the thesis and explore a number of aspects of the 1903 legislation. Chapter 2 concerns itself with George Wyndham and looks at his background, possible motivations for introducing the act and explores its genesis including what was learned from the failure of his Irish Land Bill 1902 and how this laid the ground work for his successful 1903 Bill. Chapter 3 analyses the financial sections of the Irish Land Act 1903 and particularly how Wyndham engineered factors such as price, the bonus, rental zones, annuity rates and guarantee provisions to bring about a package of measures capable of being accepted by a range of parties with significantly divergent demands. Chapter 4 examines how the transfer of property was transacted under the act's mechanisms using a case study methodology focussing on the Dopping Hepenstall estates.

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<sup>28</sup> Liam Kennedy & Peter M. Solar, *Irish agriculture: a price history from the mid-eighteenth century to the eve of the First World War* (Dublin, 2007); Saorstát Éireann, *Agricultural Statistics 1927-1933, compiled by the Department of Industry and Commerce* (Dublin, 1935); Sidney Homer & Richard Sylla, *A history of interest rates* (New Jersey, 2004); *Barclays equity-gilt study* (London, 2016).



The third part of the thesis focusses on the wealth management practices of Irish landed families as they transitioned themselves from landlords to rentiers following the sale of their estates. Chapter 5 examines the investment environment which faced landlords in the opening decades of the twentieth century. Based on a detailed analysis of the financial records of four estates supplemented by a number of others, Chapter 6 examines how landlords managed their wealth in the post-sale period. Using portfolio valuations, correspondence with investment advisors and a range of other sources such as personal tax returns and death duty declarations, it was possible to build up a profile as to how landlords went about managing their wealth. While accepting the limitations imposed by a small number of sample cases it is nonetheless contended that they provide definitive answers to questions not heretofore asked, particularly as to how landlords sought to generate income and protect their capital. Clear and definite trends emerged from the estates examined in terms of approaches to investment. The material examined, particularly letters from leading stockbrokers to their clients, point to the fact that landlords were collectively following the prevailing wisdom of the time in terms of investment advice. All of these topics are elucidated in the chapters that follow.

## Chapter 1: The declining fortunes of Irish landlords 1815-1903

### 1.1: Introduction

Reading *The Times* on Thursday, 22 June 1815, the typical Irish landlord could well have been forgiven for feeling that he did indeed belong to God's chosen people or what Cannadine has termed 'God's elect'.<sup>1</sup> For *The Times* that morning reported:

The Duke of Wellington, Dispatch, dated Waterloo, the 19<sup>th</sup> of June, states that on the preceding day, Bonaparte attacked, with his whole force, the British line, supported by a corps of Prussians; which attack, after a long and sanguinary conflict, terminated in the complete Overthrow of the Enemy's Army, with the loss of one hundred and fifty pieces of cannon and two eagles. ... The Allied Armies continued to pursue the enemy. Two French Generals were taken.<sup>2</sup>

The occasion was the victory of the Allied army under the leadership of Arthur Wellesley, duke of Wellington. Wellesley's Irish origins, while not for the man himself, were a source of great pride to the Anglo-Irish ascendancy class and served to emphasise the sense that Ireland was, indeed, a significant and integral part of the expanding British Empire. The fact also that three Irish regiments, the 27<sup>th</sup> Inniskilling Foot, the 6<sup>th</sup> Inniskilling Dragoons along with 18<sup>th</sup> Kings Irish Hussars played important roles in the victory and further that three Irish generals, all scions of landed families, Sir Dennis Pack (9<sup>th</sup> British Infantry), Sir William Ponsonby (2<sup>nd</sup> British Cavalry) and Major General Sir Ormsby Vandeler (4<sup>th</sup> British Cavalry) were prominent in the Wellington command structure sought to reinforce the importance of their class to the empire.<sup>3</sup> It is unlikely that any of the 'lords of the earth' who read *The Times* on that day would have realised or even considered that the great victory achieved on a Belgium field would represent the tipping point in their fortunes and that the succeeding eighty-five years would see their political, social, and financial power eclipsed to the point of obliteration.

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<sup>1</sup> Cannadine, *The decline and fall of the British aristocracy*, p. 2

<sup>2</sup> *The Times*, 22 Jun. 1815.

<sup>3</sup> Peter Molly, 'Ireland and the Waterloo campaign of 1815' (M.A. thesis, National University of Ireland, Maynooth, 2011), pp 24-30.

For Irish landlords could have been forgiven for feeling that the world was, indeed, a good place. The French Revolutionary / Napoleonic Wars which had raged on and off since 1793 until Wellington's victory at Waterloo had been good for a food producing country such as Ireland. Cullen maintained that the period from 1793 to 1815 was 'a remarkably prosperous period' and represented the culmination of a period of expansion in the Irish economy in general and agriculture in particular which dated back to the 1740s.<sup>4</sup> Writing of his travels in Ireland in 1779, Arthur Young, the English agricultural economist, observed that '[Ireland] made as great advances as could possibly be expected, perhaps greater than any other country in Europe'.<sup>5</sup>

Such economic progress manifested itself in the great building boom which saw the construction of major infrastructural works such as the Grand (1756-1804) and Royal (1790-1817) canals; the opening of Europe's largest water-powered flour mill, Jebbs Mill, in Slane (1768); and Locks Mills (1769) in Limerick. David Dickson has contended that during the second half of the eighteenth century, Irish landlords were focussed on infrastructural investment such as the development of canals and the building of flour-mills so it is likely that they would have looked on the above as a reflection of their increasing economic status.<sup>6</sup> It also saw Dublin become the second city of the empire in what Peter Somerville-Large has termed the 'triumph of elegance' period with the development of iconic stately buildings such as Leinster House (1744); the west front or College Green entrance of Trinity College (1752); Merrion Square (1762-1790); City Hall (1769); Powerscourt House (1771); the Vice Regal Lodge (1782); the Custom House (1791); O'Connell Bridge (1795); the Four Courts (1802); Nelson's Pillar (1808); the General Post Office (1814); and the Pro-Cathedral (1825).<sup>7</sup>

The year 1815 represented the 'high water mark' in terms of the fortunes of Irish landlords. Dickson has argued that Ireland had become 'commercialised' particularly from 1750 onwards. In support of this he cited an eleven-fold increase in the value of

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<sup>4</sup> L.M. Cullen, *An economic history of Ireland since 1660* (London, 1972), p. 100.

<sup>5</sup> David Dickson, *New foundations, Ireland 1660-1800* (Dublin, 2000), p. 116

<sup>6</sup> Dickson, *New foundations*, pp 122-3.

<sup>7</sup> Peter Somerville Large, *Dublin – The fair city* (London, 1996), p. 152.

exports between 1660 and 1797 partially due to the expansion of Britain's Atlantic economy and the development of the linen industry in Ulster, the development of sea-ports, the significant increase in the numbers of fairs held from 503 in 1684 to over 3,000 in the 1770s and an expansion in the use of money rather than barter as a means of completing transactions.<sup>8</sup> Fuelled by the demands of the Napoleonic Wars, the demand for agricultural goods had risen rapidly in the previous decades. Cullen has estimated that the volume of agricultural product exported grew by 40 per cent between 1793 and 1815 while prices rose by over 120 per cent in the same period.<sup>9</sup> Such an extended period of economic growth generated great confidence and gave rise to a situation which Cullen describes as an 'excessive creation of credit encouraged by the speculative and heady market conditions in many of the war years'.<sup>10</sup>

Buoyed by this confidence, many Irish landlords embarked on 'great house' building programmes which Terence Dooley opined: 'were built to inspire awe in social equals and, indeed, deference in the lower social classes.'<sup>11</sup> The big house reflected robust financial status and, in many cases, new-found social and political status following Pitt's large scale awarding of new peerages at the end of the eighteenth and early nineteenth centuries.<sup>12</sup> As is so often the case, in such moments of economic well-being and perceived invincibility are the seeds of destruction sown. As landlords were about to discover, the Irish landed class in keeping with many of their British and continental counterparts, had, indeed, reached the zenith of their power and their fortunes had entered a slow but inexorable decline that would in the case of so many culminate in the sale of their estates under the Wyndham Land Act of 1903.

Historians such as J.E. Pomfret, Paul Bew, Philip Bull and Fergus Campbell have largely considered the decline of the Irish landed class in the context of the political milieu and in particular the Great Famine and the agrarian unrest resulting from the

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<sup>8</sup> Dickson, *New foundations*, pp 109-123.

<sup>9</sup> Cullen, *An economic history of Ireland*, p. 100.; <http://safalra.com/other/historical-uk-inflation-price-conversion/> Accessed 11 Aug. 2014.

<sup>10</sup> Cullen, *An economic history of Ireland*, p.102.

<sup>11</sup> Dooley, *The decline of the big house*, p. 9.

<sup>12</sup> F.M.L. Thompson, *English landed society in the nineteenth century* (London, 1971), p.9.

politicisation of the land question. While political events impacted on landowners and unquestionably made their lives more difficult, it was the more profound economic changes that fundamentally led to their demise. The objective of this chapter is to identify these trends and show how they impacted on landowners in the nineteenth century and in so doing to provide a context from which to examine the introduction of the Wyndham Land Act of 1903 and its economic consequences for landlords.

The central argument of this chapter is that the economic decline of the Irish landed class was due to a combination of personal failings, poor estate management practices, and a wider range of economic, demographic, political and technological forces emanating from a rapidly industrialising British economy from the late eighteenth century onwards. While more pronounced in Britain, industrialisation and its economic, social and political consequences were being felt in many other countries such as Germany, France, the Netherlands and, as the nineteenth century progressed, in the United States of America. The decline, therefore, needs to be placed in an international context in that the changes that occurred represented early examples of globalisation and that while there were numerous localised issues pertaining to the Irish situation, the fundamental point remains that it was macro trends and the lack of preparedness and failure of landlords to adjust their position to this new economic paradigm that led to their demise as the nineteenth century unfolded. As Purdue has contended: ‘economic necessity was ultimately a much stronger force than tradition or sentiment.’<sup>13</sup>

While a number of historians have examined the impact of economics when assessing how this once all-powerful elite fell from power, little attention has been paid to their business acumen in managing the asset class known as *land* and in protecting and positioning their business to meet the challenges posed by a dynamic and shifting economic environment. Understandably there is a tendency to classify landlords as a ‘class’ rather than view them as ‘asset managers’ in the business sense which is in essence what landlords were and, indeed, still are. A question that can be

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<sup>13</sup> Purdue, *The big house in the north of Ireland*, p. 66.

posed, however, is whether landlords in the nineteenth century would have seen themselves as businessmen or managers of an asset?

This chapter concerns itself with four aspects of landlord life that were within their own control: their estate management practices: investment in their estates: landlord indebtedness and their rent policies particularly in the context farm produce pricing trends. In addition, the chapter will examine how changing taxation policies impacted on both their income and more importantly the value of their estates.

## **1.2: Estate management practices**

Writing about landlords at the turn of the eighteenth century, Cormac Ó Gráda stated: ‘landlords conformed more to the traditional stereotype than their successors in the post-famine era. As a group, they were more improvident, they evicted more often, and they took a less active interest in their properties.’<sup>14</sup> His reference to the post famine era points to a significant change in how they managed their estates and provides a loose, before and after time frame, for this study to examine this aspect of landlord life.

The period prior to the Famine saw many landlords administer their estates through the use of middlemen. Middlemen were in effect intermediate landlords, operating between the actual owner of the land and the end tenant. Often, there were numerous layers of middlemen involved with a particular parcel of land. Raymond Crotty attributed the origin of the middleman system to the development of pastoral farming during the period 1660 to 1760, when landowners who were reluctant or unable to invest in building up cattle herds, granted long leases of up to ninety-nine years at relatively low rents to financially substantial individuals who could be relied on to discharge their rent obligations. Some of these middlemen were grazier farmers who farmed the land themselves. David Dickson also attributes the development of the middleman system, to a reluctance by landlords, in the eighteenth century to invest in their estates and a preference to let their lands to ‘strong farmers’ who could

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<sup>14</sup> Cormac Ó Gráda, ‘Poverty, population, and agriculture 1801-1845’ in W.E. Vaughan (ed.), *A new history of Ireland, v, Ireland under the union 1801-70* (Oxford, 2010), p. 128.

withstand the ‘violent fluctuations’ in agriculture.<sup>15</sup> These strong farmers tended to lease whole townlands usually consisting of 200 to 300 acre holdings from landlords.<sup>16</sup> While many farmed these acres themselves others granted sub-tenancies to individual dairymen and herds men. The period 1660 and the late 1790s saw a significant increase in the demand for land due to a combination of forces such as growing export markets, improved access to wholesale markets, improvements in farming methods resulting in greater productivity and increasingly from 1740 onwards, a rapidly growing population. As a result, land values rose ‘spectacularly’ with rents increasing ten-fold.<sup>17</sup> While some of these uplifts did go to landlords, much went to the *tiarnaí beaga* or squireens as middlemen were often called.<sup>18</sup>

**Table 1.1 Ireland Population 1741-1841**

<b>Year</b>	<b>Population</b>	<b>Source</b>
1741	2,200,000	1
1800	5,000,000	1
1813	5,937,856	2
1821	6,801,827	3
1831	7,767,401	3
1841	8,175,124	3

*Source:* The figures used in this table have come from the following sources: (1) Cormac Ó Gráda, *Ireland: A new economic history 1780-1939* (Oxford, 1995), p. 4; (2) Margaret Crawford, *Counting the people* (Dublin, 2003), p. 13; (3) <http://www.libraryireland.com/articles/CensusIrelandDUM23-137/>. Accessed 23 Apr 2015.

The population growth evident in Table 1.1 brought with it a shift to tillage and, as the eighteenth century drew to a close, an ever-greater dependency on the potato crop. While not homogenised, Irish agriculture particularly in the west, was largely subsistence based. The increasing number of early marriages, the absence of any financially viable alternative means of supporting a family gave rise to an ever-

<sup>15</sup> Dickson, *New foundations*, p. 118.

<sup>16</sup> *Ibid.* p. 123.

<sup>17</sup> *Ibid.* p. 120.

<sup>18</sup> *Ibid.* p. 112.

increasing demand for land which was met by middlemen granting further sub-tenancies. The great era of sub-division had begun. An account written in 1797 described how the middleman system operated and the impact it had on landlords and tenants:

The misery of the people is generally attributed to the manner in which estates are let. A rich man who does not wish to trouble himself with details will let a large extent of ground to a single man, whose intention is not to work, but to underlet perhaps to 20 persons; they again will let to perhaps 100 peasants moderately well off; and these once again will let at an exorbitant rent to perhaps 1,000 poor labourers ... they cultivate the greater part of it in potatoes which serve to nourish a family, and to fatten a great pig and a few fowls, by the sale of which they commonly find the money to pay their rents. It can be easily understood that with all these 'cascades' it is possible that the proprietor receives not more than a third of the money which the lowest tenants are obliged to pay, and the remainder goes to the profit of the rent farmers.<sup>19</sup>

While there are no official statistics available, the extent of the middleman system can be gauged by looking at the situation on various estates. James Donnelly Jr., cites several such examples like the earl of Bandon who in 1821 obtained 65 per cent of his rental income of £23,000 from leases granted to middlemen of two, three or four lives, 22 per cent from even longer leases, and only 13 per cent from yearly tenancies. Similarly, Viscount Midleton derived 83 per cent of his £15,000 annual rents from long leases.<sup>20</sup> Lord Audley's west Cork estate was let entirely to a middleman on a ninety-nine-year lease from 1755.<sup>21</sup> Evidence of the widespread nature of the system can be seen throughout the country. Kerby Miller illustrates the situation that prevailed on Valentia Island in County Kerry on the estate of Lord Fitzgerald. In 1795, when the population of the island was 400 people, Fitzgerald granted long leases to thirteen middlemen. These individuals granted numerous sub-leases so that by time of the famine in 1847 the island's population had risen to

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<sup>19</sup> Bougtenet de Latognaye, (Translated by John Stevenson), *A Frenchman's walk through Ireland 1796-7* (Dublin, 1917), pp 126-7.  
[https://archive.org/stream/frenchmanswalkth00latouoft/frenchmanswalkth00latouoft\\_djvu.txt](https://archive.org/stream/frenchmanswalkth00latouoft/frenchmanswalkth00latouoft_djvu.txt) accessed 28 Apr 2017.

<sup>20</sup> Donnelly, Jr., *The land and the people of nineteenth-century Cork*, p. 12.

<sup>21</sup> W.N. Hancock, *On the causes of distress at Skull and Skibbereen during the famine in Ireland: a paper read before the statistical section of the British Association at Edinburgh, 2 August 1850* (Dublin, 1850), p. 5.



3,000.<sup>22</sup> Ciaran Reilly in his study of land agents in Kings County estimated that in 1841 more than 13,000 holdings situated in the county were of less than one acre, one third of the holdings were less than five acres and only two per cent were over 200 acres.<sup>23</sup> A similar if not worse situation pertained in Lord Palmerston's estate in Mullaghmore, Co. Sligo, where 135 tenants lived on 201 acres.<sup>24</sup>

Most middlemen were 'lower and middling protestant gentlemen'; others, particularly post 1778, following repeal of the Penal Laws were 'Catholic nouveaux riches'.<sup>25</sup> William Lecky wrote that 'They were commonly the small gentry' and 'a harsh and rapacious and dissipated class, living with an extravagance that could only be met with by the most grinding exactations [sic].'<sup>26</sup> While not overly typical in terms of scale, the case of James Scully gives an indication of how a middleman operated and of their place in society at the time. Born in 1737 into a Catholic family whose father was a strong farmer in the Kilfeacle area of Co. Tipperary. Leaving school at thirteen he went to work in the Ballinasloe cattle market. On his marriage to Catherine Lyons from Limerick in 1760, he received a dowry of £1,500 from his father and a further £1,000 from his father-in-law. With this money, he acquired two farms and on the retirement of his father he took over the running of the family farm in Kilfeacle, which the Scully's had farmed since 1774 on a ninety-nine-year lease. By 1792 he had over 4,000 acres under lease. He farmed half of these himself and sub-let the remainder. In 1802, he was of sufficient wealth and social standing to establish, along with his son James, the Tipperary Bank which achieved notoriety when it collapsed in 1856. In 1806 and 1808 he bought for £19,380 the freehold of two farms on the Clanwilliam estate that he farmed himself and in 1809 he paid £33,200 for the freehold of the Mathew estate. In both cases, he took advantage of

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<sup>22</sup> Kerby A. Miller, *Emigrants and exiles. Ireland and the Irish exodus to North America* (Oxford, 1985), p. 47.

<sup>23</sup> Ciaran Reilly, *The Irish land agent, 1830-60, The case of Kings County* (Dublin, 2014), p. 26.

<sup>24</sup> Gerard Moran, *Sir Robert Gore Booth and his landed estate in County Sligo, 1814-76* (Dublin, 2006), p. 15.

<sup>25</sup> Miller, *Emigrants and exiles*, p. 46.

<sup>26</sup> William E.H. Lecky, *A history of Ireland in the eighteenth century*, Vol 5 (London, 1898), p. 292.

the indebtedness of the incumbent landlords.<sup>27</sup> The significance of this example is that it highlights how, from what Dickson referred to as the ‘vener of strong farmers’ that existed in the late seventeenth century, emerged the middlemen of the eighteenth and nineteenth century.<sup>28</sup>

The level of profitability achieved by middlemen is evidenced in a further example and illustrates how these individuals would have been prepared to live with any social odium that might have prevailed towards them. Writing in 1812, Edward Wakefield, the English statistician, cited the example of the earl of Kenmare who held over 91,000 acres in County Kerry. In one of his estates consisting of 35,000 acres let to various middlemen, he received annual rents totalling £8,000 whereas his sub-tenants were paying £40,000.<sup>29</sup> It was this type of financial success that, to quote James Donnelly Jr.: ‘must have been unrelieved agony to those proprietors whose rent rolls were largely frozen by long leases’ that made them a target for landlords who from the late eighteenth century onwards sought to win back control of their properties and grab a greater share of the increasing rent rolls.<sup>30</sup>

But wanting to, and being able to, terminate middleman agreements were two different things. Middlemen had the law on their side because of the nature and duration of their leases. This meant that, despite the best efforts of many landlords, the system endured until the natural termination of the lease or in many cases the exigencies of the Great Famine and the impact of the wider downturn in European agriculture in 1849-52.<sup>31</sup> Interestingly, the middleman system did not prevail in England. Historians such as David Cannadine, F.M. L. Thompson and David Spring who have written extensively about landlordism make no references to the topic in their texts. Samuel Clark in his *State and status* (1995) when commenting on the

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<sup>27</sup> The material is drawn from a number of sources: C.J. Woods, ‘Scully, James’ in *DIB*, pp 816-7; J.A. O’Donoghue, ‘The Scullys of Killeacle’, *Tipperary Historical Journal* (1989), pp 38-51; *Irish Times*, 20 Nov. 2013.

<sup>28</sup> Dickson, *New foundations*, p.112.

<sup>29</sup> Edward Wakefield, *An account of Ireland, statistical and political*, ii (London, 1812), p. 412. Edward Wakefield (1774-1854) was an English farmer, land agent, philanthropist and statistician

<sup>30</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 51; James S. Donnelly, ‘Landlords and tenants’ in W.E. Vaughan (ed.), *A new history of Ireland, v: Ireland under the Union 1801-70* (Oxford, 2010), p. 333.

<sup>31</sup> Donnelly, ‘Landlords and tenants’, *A new history of Ireland*, p. 333.

differences between Ireland and Britain in the eighteenth century wrote, ‘The first was the practice of granting long leases. In England during the seventeenth and eighteenth centuries, landlords generally tried to reduce the number of years for which the lease was granted... This did not occur in Ireland. Second, the subletting of land was more common in Ireland.’<sup>32</sup>

The impact of the middleman system on Irish landlords and indeed on tenants was profound and its legacy long protracted. In the first instance, landlords lost out on the growth in rents during the boom years for Irish agriculture particularly from 1793 to 1815. Secondly, the middleman with the emphasis on maximising rents through the proliferation of sub-division acted as a block on investment in estate improvement with the result that land was less productive than it might otherwise have been. Finally, when the system started to crumble from the 1820s onwards it left landlords and their agents with the hugely difficult task of trying to consolidate estates into more viable units. The long decline in landlords’ fortunes which started with the end of the Napoleonic wars in 1815 had entered a new phase.

The taking back of control of estates by landlords was a slow and long drawn out process and undoing the damage caused by the middleman system even more difficult and tortuous. James Donnelly dates the wrestling to retake control to the post Napoleonic War period which coincided with a significant downturn in agriculture.<sup>33</sup> For many landlords it was a matter of waiting until the long lease to the middleman reached its natural expiry as the following contribution by land agent Christopher Gallaway to the Devon Commission, in 1844, highlights: ‘Lord Kenmare laid down as rules for my future guidance, that whenever a middleman’s lease fell in, I should re-let the lands to such of the resident tenantry, of good character and industrious habits, as I found upon the land. That in future there should be no tenant between himself and the actual occupier of the soil.’<sup>34</sup>

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<sup>32</sup>Samuel Clark, *State and status: The rise of the state and aristocratic power in Western Europe* (London, 1995), p. 210.

<sup>33</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 52.

<sup>34</sup> *Evidence taken before her majesty’s commissioners of inquiry into the state of the law and practice in respect of the occupation of land in Ireland*, pt. iii [657], H.C. 1845, xxi, 1. p. 736.

Not surprisingly, middlemen hung on stubbornly to their interests in various estates and it was not until the Famine and the agricultural depression of 1849-52 that they finally ceased to be a prominent feature in the Irish land tenure system.<sup>35</sup> Regaining control of their estates did not mean that landlords ran their estates personally. For all but the smallest estates, that role fell to the land agent. Land agents were not a new feature of Irish landed estates management having been active since Cromwellian times.<sup>36</sup> Their influence, however, increased greatly from 1815 onwards when landlords took back control of their properties.

The management of an estate in the nineteenth century was a complicated business involving a range of disciplines ranging from legal, accounting, taxation, civil engineering and a capacity to deal with people. The choice of land agent was therefore vitally important in terms of administering an estate and hence well-established land agents such as William Trench, Samuel Hussey and Francis Berry could command significant fees for their services. The role of the land agent in Irish life is well documented by Ciaran Reilly in, *The Irish land agent, 1830-60* (2014). This book, which examines how land agents operated in Kings County, details the extent of their roles, backgrounds and their interactions with their employers, their tenants and the wider communities in which they lived and their position in folklore and popular culture. As such this study will not replicate this profile but rather focus on some of the more strategic aspects of estate management and how these impacted on the financial health of their employers.

The appointment of William Steuart Trench and his son, Thomas as land agents to the Digby estate in Kings County in 1857 serves well to illustrate the role and the approaches adopted.<sup>37</sup> The Digby estate consisted of 29,722 acres with an annual valuation of £12,745.<sup>38</sup> The estate had been badly run by the second Earl Digby, an

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<sup>35</sup> Donnelly, 'Landlords and tenants', *A new history of Ireland*, p. 333.

<sup>36</sup> Reilly, *The Irish land agent*, p. 37.

<sup>37</sup> Much of the material for this section comes from Mary Delaney, *William Steuart Trench and his management of the Digby estate, Kings County, 1857-71* (Dublin, 2012).

<sup>38</sup> *Land owners in Ireland: return of owners of land of one acre and upwards in the several counties, counties of cities, and counties of towns in Ireland, showing the names of such owners arranged alphabetically in each county; their addresses - as far as could be ascertained the extent in statute acres, and the valuation in each case; together with the number of owners in each county of less than one statute acre in extent; and the total area*

absentee landlord who died in 1856. His successor appointed the Trenches who had developed a significant reputation for themselves on the Shirley estate in Monaghan and the Lansdowne estate in Kerry. The agent was, in this instance, granted full powers of attorney to manage the estate on behalf of the 9<sup>th</sup> Lord Digby. His report for 1857, describes the estate as: ‘one of the most wretched and discouraging in Ireland.’ The annual rent was £15,000 but arrears totalled £40,948.<sup>39</sup> Trench’s plans for improving this situation are interesting and provide a roadmap as to what actions landlords needed to carry out to make their estates more efficient and financially viable. They also serve to illustrate how the *laissez faire* approach of many landlords to their estate management practices played a significant part in their weak financial positions. Trench’s actions were clear and strident. For tenants who failed to pay rent arrears he adopted a hard-line approach and advocated the use of the ‘hanging gale’.<sup>40</sup> He proposed a plan to consolidate many of the estates holdings into larger units ‘by removing the worst characters or weeding them out’. He identified those tenants with long leases and put in place a plan to break these although he accepted that this process might result in ‘violence, bloodshed and murder’. He proposed investment in estate infrastructure particularly roads but recommended that these be paid for by the ratepayers. Finally, he put forward a plan to drain wet moorlands and recommended that a sum of £500 to £1,000 be set aside annually for this purpose.<sup>41</sup> Such actions did little to make the father and son popular in the locality; the local parish priest, Fr Kinsella referred to them as ‘armed assassins’.<sup>42</sup>

Of all the problems Trench sought to address, the most difficult one was subdivision. In his 1857 report to his employer he stated: ‘Where an estate which has for a long time being neglected or let alone and where subdivision of land has been

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*and valuation of such properties; and the grand total of area and valuation for all owners of property in each county, county of a city, or county of a town. To which is added a summary for each province and for all Ireland.* (Authors, Local Government Board for Ireland), [Cmd. 1492] 1876. Herein after referred to as ‘*Landlords in Ireland 1876*’. p. 45.

<sup>39</sup> William Steuart Trench to Lord Digby annual reports, 1857-71 (in private possession)

<sup>40</sup> The ‘hanging gale’ was a term used to describe a situation where if a tenant failed to pay an arrears of rent that was outstanding for six months the landlord could seize livestock and sell it to make good the debt.

<sup>41</sup> Delaney, *William Steuart Trench*, p. 15.

<sup>42</sup> *Leinster Journal*, 23 Jan.1858.

permitted to proceed unchecked, it will under ordinary circumstances take many years to remedy the evils, if indeed they can ever be remedied.’<sup>43</sup>

Given the widespread nature of subdivision, as evidenced by Table 1.2, it is clear that landlords faced a huge challenge to get their estates in order and while the exigency of the Famine did bring about a significant reduction in those holdings of less than five acres, addressing the problem of subdivision was critical to establishing viable estates. One approach to this was to provide what was referred to as ‘assisted passage’ for former tenants to emigrate with their families, usually to North America. Trench had experience in this area from his Lansdowne estate days where he financed the movement of 4,000 people to the United States and Canada.<sup>44</sup>

**Table 1.2. Size of agricultural holdings 1841-1867 in Ireland**

Holding size	Number of holdings in			
	1841	1851	1861	1867
1 > 5 acres	310,430	88,083	85,400	78,004
5 > 15 acres	252,799	101,854	183,031	173,475
15 > 30 acres	79,842	141,311	141,251	136,503
30 > 100 acres	48,025	120,038	126,882	126,537
Above 100 acres ( <i>note 1</i> )		29,057	31,451	31,800
Rounding adjustment ( <i>note 2</i> )	106	89,995	469	129
Total	691,202	570,338	568,484	546,448

*Note 1: The classification of holdings in 1841 did not extend to those ‘above 100 acres’.*

*Note 2: The rounding adjustment has been added by the author to balance the table contained in the Return.*

*Source: Returns of agricultural holdings in Ireland in 1841, 1851, 1861 and 1867. HCP 1867-68 (287), p. 1.*

<sup>43</sup> William Steuart Trench to Lord Digby annual reports, 1857-71 (in private possession).

<sup>44</sup> Delaney, *William Steuart Trench*, p. 10.

Charles Bailey, land agent to the Midleton estate, was a strong advocate of assisted emigration. Having established that an adult might be shipped to Canada for £3 and a child for £1, he suggested that £2,000 spent for this purpose ‘would be judiciously and profitably laid out.’<sup>45</sup> One of the first instances of an ‘assisted package’ was carried out by the earl of Kingston who in 1835 assisted 200 tenants to relocate to Canada from his Cork estate.<sup>46</sup> Sir Roger Gore Booth of Lissadell in County Sligo was another landlord who encouraged and provided assistance for his tenants to move their families to North America.<sup>47</sup> It was estimated that 1,300 people were given assistance to leave the Shirley estate in Monaghan between the years 1842 to 1852.<sup>48</sup> Paying for the emigration of tenants and their families, afforded not just the opportunity to consolidate holdings into more viable units but also generally avoided the backlash that evictions might give rise to. The practice also took destitute families out of the Poor Law system, which following the enactment of the Poor Law Act 1838 was funded by ratepayers, the largest proportion of whom were landlords. A bonus was that if addressed properly, some of the more troublesome and belligerent tenants could be permanently removed from a locality, thus reducing the potential for agitation on an estate. Accurate statistics relating to landlord-assisted emigration in the nineteenth century are not available, but Gerard Moran estimated that between 1835 and 1855 upwards of 100,000 people received landlord support to emigrate.<sup>49</sup>

Table 1.2 indicates that while there was a significant reduction in the number of holdings of less than fifteen acres between 1841 (563,229 or 81.5 per cent) and 1867 (251,479 or 46 per cent), subdivision remained a problem. In 1881, George Trench, land agent of the Talbot-Crosbie estate in Co. Kerry wrote: ‘resisting and correcting subdivision involved for the landlords of Ireland, the long and odious task which constitutes their principal difficulty to this day.’<sup>50</sup> Despite the obvious problems for

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<sup>45</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 55.

<sup>46</sup> *Ibid.* p. 56.

<sup>47</sup> Moran, *Sir Robert Gore Booth*, p. 33.

<sup>48</sup> Patrick J. Duffy, ‘Assisted emigration from the Shirley estate 1843-54’ in *Clogher Historical Review*, vol.14, No. 2 (1992), p. 16.

<sup>49</sup> Gerard Moran, *Sending out Ireland’s poor, assisted emigration to North America in the nineteenth-century* (Dublin, 2013), p. 203.

<sup>50</sup> George French, *The land question: are the landlords worth preserving? Or forty years’ management of an Irish estate* (Dublin, 1881), p. 15

estate management associated with subdivision, many landlords failed to address the issue. As testimonies from landlords given to the Bessborough Commission highlight, the failure to act was influenced by fear of a hostile reaction from tenants and a growing sense of isolation. A Mayo landlord stated that the reason for his failure to address over-subdivision of his estate was because: ‘no man’s life would be worth sixpence purchase if he attempted to do what would be necessary.’<sup>51</sup> A landlord from Co. Meath stated that ‘Some people might say if I turned out these men and let it for grazing... I would have got more money, meanwhile I might not be here to give evidence.’<sup>52</sup> While such attitudes are understandable they represent an abdication of economic responsibility and good estate management practices. While most landlords faced this dilemma, there were some such as William Scully, William Bence Jones, William Talbot-Crosbie and Allan Pollok who met them head on and managed to reconfigure their estates into more economically viable entities.

The case of William Scully referred to above is interesting in that it highlights how an individual landlord could thrive by making difficult and unpopular decisions to improve his estate and by taking himself and his skills in land management to another country. In so doing he made a huge fortune and amassed huge estates in Kansas, Nebraska and Illinois that exists to this day. Scully was born in Co. Tipperary in 1821, the ninth child and fifth son of James Scully who was discussed earlier in this chapter.<sup>53</sup> In 1850, Scully went to the United States and made his first land purchases. Unusual for the time, he travelled back and forth between Ireland and America for many years managing his estates in both countries. His estate management techniques earned him a fearsome reputation as a harsh and cruel landlord. US historian, Paul Gates, wrote that ‘No frontier landlord in the entire country caused as much unrest among his tenants and was the subject of as much ill feeling and political agitation as William Scully.’<sup>54</sup> In Ireland following evictions in Gurtnagap and Ballycohey, Co. Kilkenny, in 1865 which resulted in the shooting dead of a police constable and a bailiff and the wounding of Scully, he was

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<sup>51</sup> Report of the Commission of inquiry into the working of the Landlord and Tenant (Ireland) Act 1870 and amending Acts. [Bessborough Commission], 16521

<sup>52</sup> Bessborough Commission, 1145

<sup>53</sup> Homer E. Socolofsky, ‘William Scully: Ireland and America 1840-1900’ in *Agricultural History*, vol. 48, No.1. Farming in the Midwest, A symposium (Jan.1974), pp. 155-175

<sup>54</sup> Paul W. Gates, *Frontier landlords and pioneer tenants* (New York, 1945), p. 34.



upbraided by local newspapers; one commented that he exhibited ‘an amount of over zeal which excited an irritable temper, and led to the consequences under which he is now suffering.’<sup>55</sup> He imposed heavy responsibilities on his tenants to maintain their holdings in terms of fertilising, maintaining and installing drainage systems and even insisted that tenants could not sell their crops until all rent was paid.<sup>56</sup> Scully made no attempt to court popularity and administered his estates to generate long-term return and value. Thus, by the time of his death in 1906 his US estate of 225,000 acres was valued at \$10 million and he held investments and other wealth estimated at \$25 million.<sup>57</sup> Scully’s success was down to managing his estates as a business, expected to generate an investment return, and his willingness to uproot himself and find an outlet for his entrepreneurial skills in a foreign country. While Scully was an exceptional individual in terms of his work ethic, the focus and determination he brought to his actions and his willingness to expand his sphere of operations from Ireland to North America, the same opportunities he seized were open to most Irish landlords but very few grasped them like he did.

A lack of business acumen was not, of course, the sole preserve of Irish landlords. John Stuart Mill the British philosopher and political economist held his compatriot landlords in a low standing when he observed: ‘The truth is, that any very general improvement of land by landlords is hardly compatible with a law or custom of primogeniture....Were they ever so much inclined, those alone can prudently do it, who have seriously studied the principles of scientific agriculture: and great landlords have seldom seriously studied anything.’<sup>58</sup> Later, the historian F.M.L. Thompson argued that, ‘The lack of uniformity in administrative arrangements, and the absence of a business-like approach on many estates, was in part a reflection of the persistent idea that an estate was primarily a unit of consumption rather than a unit of management.’<sup>59</sup>

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<sup>55</sup> *Kilkenny Journal*, 5 Aug. 1865.

<sup>56</sup> Gates, *Frontier landlords*, pp 49-50.

<sup>57</sup> Socolofsky, ‘William Scully’, p. 173.

<sup>58</sup> John Stuart Mill, *Principles of political economy*, ed. Sir W.J. Ashley (London, 1929), pp 231-32.

<sup>59</sup> Thompson, *English landed society in the nineteenth century*, p. 153.

Whether by reason of their upbringing, education or social backgrounds, landlords, with few exceptions, were ill equipped to administer their estates in the way that they needed to if they were to have any hope of surviving the challenges they would face in the final decades of the nineteenth century. The legacies of their antecedents in passing control of their estates to middlemen who reaped the benefits of the golden period for Irish agriculture up to 1815 robbed them of both opportunity and capital. How this impacted on their investment in their estates is where this story now turns.

### **1.3: Landlord investment in their estates**

Precise information relating to landlord investment is patchy particularly for the pre-Famine period. Lines of demarcation between expenditure on the big house, the home farm, the demesne and on the wider estate were often unclear. The great house building programmes of the early nineteenth century certainly absorbed significant amounts of investment. Not many could boast like the earl of Dunraven, who placed a plaque on the wall of Adare Manor in the early 1820s, bearing an inscription which read: ‘This goodly house was erected by Windham Henry Earl of Dunraven and Caroline his Countess without borrowing, selling or leaving a debt.’<sup>60</sup> His situation had more to do with a significant injection of capital into the family coffers as a result of the discovery of coal on one of Countess Caroline’s inherited Welsh estates than any great probity on the part of the earl or his family.

‘Investment’ in land or estates is generally taken to mean expenditure on such factors as the drainage of wet lands, reclamation of marginal lands, installation of arterial drainage schemes, erection of boundary fences and walls, removal of rocks from fields, erection of farm buildings and houses, laying of access roads, land fertilisation projects, spreading of lime and so on. In addition to these infrastructural type projects, the term ‘investment’ in this context can also include the provision of training and technical education programmes to tenants or the establishment of local co-operative groups to assist in the marketing of farm produce or craft works.

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<sup>60</sup> David Hicks, *Irish country house – A chronicle of change* (Cork, 2012), p. 49.

Both Solow and Ó Gráda have provided some insight into the areas of investment made by Irish landlords on their estates in the nineteenth century, as do a number of the Royal Commissions that were undertaken in the period such as, Devon (1845) and Bessborough (1881). A note of caution must be sounded, however, regarding the latter sources in that much of the testimonies from landlords and tenants are contradictory. However, the overall impression that emerges is that investment by landlords was relatively minor and was more the exception to the rule as the following conclusion from the Devon report highlights:

It is admitted on all hands, that according to the general practice in Ireland, the landlord builds neither dwelling-houses nor farm buildings, nor puts fences, gates, etc. into good order, before he lets his land to the tenant. The cases in which a landlord does any of those things are the exceptions.<sup>61</sup>

Given that the Devon Commission concerned itself with the pre-1844 period, when the middleman system had been the prevalent form of estate administration, it is not surprising that there was little evidence of landlord investment in their estates. There were exceptions such as the £4,000 invested by Roger Gore Booth on his estate in the period 1834-1842.<sup>62</sup> Or the £15,000 allocated by Lord Palmerston for the development the harbour in Mullaghmore, Co. Sligo, to encourage the fishing industry and thus provide alternate employment opportunities for many of his tenants.<sup>63</sup> Investment such as the above in the pre-Famine era, seem to have been the exception and infers that the conclusion of the Devon Commission in this regard was representative. The situation thereafter is somewhat more varied and reflects William E. Vaughan's assessment that 'Irish landlords were by no means a homogenous class.'<sup>64</sup> Reflective of this was the approach to investment in their estates and indeed the communities where they lived. The village of Geashill which was situated on the Digby estate was virtually rebuilt in the 1860s. Under land agent William Trench the village's thatched houses were fitted with slate roofs, mud-walled houses were knocked and replaced by stone structures and 106 tenants'

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<sup>61</sup> *Report from H.M. Commissioners of Inquiry into the state of law and practice in respect to the occupation of land in Ireland.* H.C. 1845 (605), xix, p. 16

<sup>62</sup> Moran, *Sir Robert Gore Booth*, p. 17

<sup>63</sup> *Report from H.M. Commissioners of Inquiry into the state of law and practice in respect to the occupation of land in Ireland.* Pt I, H.C. 1845 (606), xix, p. 32.

<sup>64</sup> Vaughan, *Landlords and tenants in mid-Victorian Ireland*, p. 107.

houses were refurbished. Recognising the value of education, a new school was built in 1862. Over a ten-year period £14,000 was spent on estate improvements including the reclaiming of over 600 acres of wet lands.<sup>65</sup> On the Colthurst estate near Ballyvourney, County Cork, the landlord under the guidance of his land agent, Samuel Hussey, re-roofed over 100 tenants' houses with slate, laid fifty miles of roads and planted over 400 acres of trees at a cost up to 1880, of £34,000.<sup>66</sup> The duke of Devonshire spent £23,000 on drainage schemes on his Cork and Waterford estates in the period 1848 to 1880 and a further £35,000 on farm improvements.<sup>67</sup> Devonshire's investment in his estate came at a time when his English estates were hugely encumbered. When the seventh duke succeeded to the title in 1858, debts stood at £1,000,000 and net rents were £115,00 a year before interest and other charges of £60,000. He even contemplated selling his Irish estates but was dissuaded by the duke of Bedford. However, the duke's fortunes changed for the better from 1860 when dividends from his investments in a number of businesses in Barrow on Furness dwarfed his rental income and hence he could fund the estate improvements.<sup>68</sup> Viscount Midleton adopted a different approach to investment in that he encouraged his tenants to pay for their own improvements and then gave them a reduction in their rents to compensate.<sup>69</sup> Many landlords used Board of Works loans to cover the cost of improvements. Lord Dunraven borrowed £14,850 between 1858 and 1871 to cover the cost of various drainage schemes.<sup>70</sup> While individual examples abound these convey little sense of the overall level of investment by landlords in their estates. However, research undertaken by Barbara Solow and Cormac Ó Gráda do provide some sense of aggregate investment levels.

Solow extrapolated information from a survey conducted by the Irish Land Committee carried out in 1881. The survey findings were based on returns from 1,300 Irish landlords out of a total of approximately 8,000. The survey was conducted to inform the Bessborough Commission as to the level of landlord

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<sup>65</sup> Delaney, *William Steuart Trench*, pp 30-37.

<sup>66</sup> S.M. Hussey, *The reminiscences of an Irish land agent* (London,1904), p. 71.

<sup>67</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 166.

<sup>68</sup> David Cannadine, 'The landowner as millionaire: The finances of the dukes of Devonshire, c. 1800-c. 1926' in *The Agricultural History Review*, vol. 25, No. 2 (1977), p. 84.

<sup>69</sup> Donnelly Jr., *The land and the people of nineteenth-century Cork*, p. 68.

<sup>70</sup> Dunraven papers (P.R.O.N.I., D3196/F/17/8, 39)

investment in estates. It concluded that between 1840 and 1881 upwards of £3.5 million was spent by the 1,300 responding landlords in improving their estates and if this was applied to the larger estate population then the overall expenditure would be of the order of £20 million.<sup>71</sup> Testimony given to the Bessborough Commission made it clear that loans of £3.5 million were provided in the same period by the Board of Works under the Land Improvement Act 1847 so taking this into account and based on Solow's extrapolated figure, net landlord investment from 1840 to 1881 was £16.5 million.<sup>72</sup> Ó Gráda, however, has questioned this figure by pointing out that The Land Committee witness to the Bessborough commission, Colonel Tottenham, accepted that their figures were not representative of landlords as a whole and that most of the investment came from loans provided by the Board of Works scheme.<sup>73</sup>

Ó Gráda estimated a lower level of investment by landlords than that of Solow. He put a figure of £7 million to £8 million on investment in improvements by landlords in the period between 1850 and 1879. Based on estimated total gross rental receipts of £260 million in the period and investment of £8 million (£3.5 million of which came from the Land Improvement Act loans) he calculated that landlords spent 3-4 per cent of their total annual rent receipts on improvements.<sup>74</sup> However, based on a sample of fifteen estates he found average annual investment spends ranging from 20 per cent to 1 per cent of rents. He did enter the caveat that the figures for the individual estates needed to be treated with 'extreme caution' due to interpretations of expenditure.

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<sup>71</sup> Solow, *The Irish land question*, p. 78.

<sup>72</sup> Report of the Commission of inquiry into the working of the Landlord and Tenant (Ireland) Act 1870 and amending Acts. [Bessborough Commission], 40150, cited in Cormac Ó'Gráda, The investment behaviour of Irish landlords, 1850-75, some preliminary findings, *Irish Agricultural Review*, 23 (2), p. 151.

<sup>73</sup> Cormac Ó'Gráda, The investment behaviour of Irish landlords, 1850-75, some preliminary findings, *Irish Agricultural Review*, 23 (2), p. 151.

<sup>74</sup> *Ibid.* p. 151.

**Table 1.3. Investment in improvements as a percentage of rents on selected estates in Ireland 1850-1880**

<b>Estate</b>	<b>Period</b>	<b>Years</b>	<b>% of Rent on improvement</b>	<b>Rents received (annual average)</b>
			<b>Per cent</b>	<b>£000</b>
Monteagle	1862-70	8	12.00%	9.00
Devon	1850-75	25	15.80%	40.00
Lord Ashdown	1872-74	2	5.50%	13.50
Fowler	1853-67	14	1.00%	7.50
Boulick	1863-71	8	1.60%	1.00
Crofton	1862-80	18	5.50%	6.00
Ashtown	1852-73	21	14.10%	10.00
St George	1850-70	20	8.30%	6.00
Cloncurry	1860-80	20	4.50%	12.00
Devonshire	1848-66	18	5.00%	60.00
London companies	1850-70	20	20.00%	30.00
W. Bence-Jones	1850-80	30	10.00%	8.00
Muckross	1853-79	26	8.50%	13.00
Powerscourt	1861-63	2	8.50%	20.00
Robert French	1860-80	20	5.00%	4.00

*Source:* Cormac Ó'Gráda, The investment behaviour of Irish landlords, 1850-75, some preliminary findings, *Irish Agricultural Review*, 23 (2), p. 152.

William Vaughan in a study of nine estates in the period 1850 to 1880 found that expenditures on improvements ranged from 6 per cent of rents in the case of the Ranfurly estate to 27 per cent on the Murray Stewart estate in Donegal.

**Table 1.4. Expenditure on improvements in selected Irish estates as a percentage of rent 1850-1880**

Estate	1850s	1860s	1870s	1851 -1880
	%	%	%	%
Ashtown	18	14	8	13
Clonbrock	10	11	*	11
Crofton	21	10	12	14
Erne	10	9	5	8
Hall	9	12	7	9
Hodson	*	6	5	6
Inchiquin	7	5	5	6
Murray Stewart	40	14	*	27
Ranfurly	4	7	8	6

*Note: \* denotes no data available*

*Source: Adapted by the author from W.E. Vaughan, *Landlords and tenants in mid-Victorian Ireland* (Oxford, 1994), pp 277-8.*

Vaughan sounded a note of caution in interpreting the figures contained in Table 1.4 in terms of the definition of expenditures and the range of possible inclusions such as improvements to the demesnes and home farms and the occurrence of exceptional items of expenditure such as the building of roads in the Murray Stewart, remote Donegal estate in the 1850s.<sup>75</sup>

Ó Gráda has argued that post Famine expenditure by substantial landlords ‘was not too different from that of their counterparts across the Irish Sea’.<sup>76</sup> David Cannadine uses an estimate provided by John Clapham to show that expenditure on estate improvements in Britain in the years 1846 to 1876 was £24 million.<sup>77</sup> If this figure is representative and Ó Gráda’s figure of £8 million is likewise, then his contention regarding Irish landlords is reasonable. However, R.J. Thompson claimed that estate improvement expenditure on English estates prior to the start of the agricultural

<sup>75</sup> Vaughan, *Landlords and tenants*, p. 121.

<sup>76</sup> Ó Gráda, *The investment behaviour of Irish landlords*, p. 154.

<sup>77</sup> David Cannadine, ‘Aristocratic indebtedness in the nineteenth century: The case reopened’ in *The Economic History Review*, vol. 30, No. 4, (Nov. 1977), p. 642.

depression in 1880 was 27 per cent of rents.<sup>78</sup> Richard Perren estimated that the figure was closer to 20 per cent.<sup>79</sup> Regardless to the variations in methods of calculation and definitions, the range of figures would strongly suggest that Irish landlords lagged behind their British counterparts in terms of investment in their estates.

Were Irish landlords right or wrong in investing relatively small amounts in their estates? Vaughan expressed the view that landlords ‘were wise not to invest huge sums in their estates because the returns on agricultural investment were small.’<sup>80</sup> The answers to questions change relative to the timeframe one looks at. And so, it is with regard to this question and Irish land. If one asked the question as to whether landlords were right to invest in their estates looking at the period 1850 to 1880, the answer is likely to have been a qualified yes, as rents in general rose and returns improved. If the same question was extended to cover the period from 1880 onwards, which bore the brunt of judicial rents reductions, land agitation and the effects of the agricultural depression, the answer would be a most definite, no. If we take it to its conclusion in the post Wyndham era and examine it in the light of the prices obtained for improved estates versus unimproved estates under the 1903 Act, the answer would also be, no. In this context, landlords who did not invest significant sums in improving their estates were, from an economic perspective, wise.

#### **1.4: Landlord indebtedness**

A general study of landlord indebtedness during the nineteenth and early twentieth century is hampered by a lack of authoritative sources. Individual estate records provide details of indebtedness of specific families but there is little by way of aggregated national statistics available. There are, however, a number of studies which have been undertaken such as those by L.P. Curtis and Terence Dooley and

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<sup>78</sup> R.J. Thompson, ‘An inquiry into the rent of agricultural lands in England and Wales during the nineteenth century’, *Journal of the Royal Statistical Society*, No. 70 (Dec. 1907), p. 603.

<sup>79</sup> Richard Perren, ‘The landlord and agricultural transformation, 1870-1900’, in *Agricultural Historical Review*, no. 18 (1970), pp. 41-42.

<sup>80</sup> Vaughan, *Landlords and tenants*, p. 128.



when combined with this author's examination of several sets of estate papers and secondary sources, a reasonable profile of landlord indebtedness in the second half of the nineteenth century emerges.

In the earlier part of the nineteenth century, banks did not engage to any serious degree in providing long-term mortgages secured on land. For instance, the Bank of Ireland, which was by far the largest bank throughout the nineteenth century, was by law prevented from such lending until 1860 when the inelegantly entitled 'An Act to repeal a certain enactment from restraining the Governor and Company of the Bank of Ireland from lending money on mortgage' was enacted.<sup>81</sup> The complexity of securing title due to the 'strict settlement' system involving life interests, family charges, and various other legal entanglements meant that private banks shied away from land secured mortgages. The advent of the joint stock banks from the 1820s onwards did see some change in their approach but for much of the century mortgage lending was undertaken by successful merchants and business people such as Robert Shaw and Luke White, and institutions like British life insurance companies such as Scottish Widows, Norwich Union, Law Life Assurance, Eagle Life Assurance and the Royal Exchange Assurance Company.<sup>82</sup> As the century progressed, other lenders such as the Representative Church Body (RCB), The Presbyterian Church in Ireland and St. Patrick's College, Maynooth, entered the mortgage market. These church lenders were seeking a secure outlet for large sums paid to them by the British government in compensation for legislative changes. Apart from the RCB, whose advances peaked at about £3.5 million, their involvement in the sector was quite small.<sup>83</sup> As illustrated in the case of William Scully, borrowing from friends and family was also common. Scully is said to have borrowed £10,000 from his brother

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<sup>81</sup> F.G. Hall, *The Bank of Ireland, 1783-1946* (Dublin, 1948), pp 236-9.

<sup>82</sup> Padraig Lane, 'The management of estates by financial corporations in Ireland after the Famine' in *Studia Hibernica*, vol. 14, (1974), pp. 67-89. Robert Shaw was a successful grain merchant and Dublin land and property owner who had an estate in Terenure, Dublin. His son, also Robert, was M.P. for Dublin and founded the Royal Bank in 1826. Luke White was a wealthy Dublin merchant and landowner who was said to have amassed a fortune of over £500,000 and from selling lottery tickets in the late eighteenth century. In 1799, he purchased Lord Carhampton's estate at Lutterelstown, near Lucan in West Dublin. (Tony McCarthy, *The Shaws of Terenure, A nineteenth century Dublin merchant family* (Dublin, 2010), pp 15-16 and Rowena Dudley, *The Irish lottery, 1780-1801* (Dublin, 2005), p. 35.

<sup>83</sup> L.P. Curtis, 'Landed indebtedness in post-Famine Ireland', in *The American Historical Review*, Vol. 85, No. 2, (Apr.,1980), p. 360.

Thomas in 1851, and used this money to purchase lands in Illinois.<sup>84</sup> A transaction such as this, was unlikely to appear on any register anywhere and highlights the difficulties in estimating the overall levels of indebtedness.

The focus of this section is on landlord indebtedness from 1850 up to the introduction of the Wyndham land Act 1903. It thus largely ignores the debt crisis emanating from the famine and the follow-on workings of the Encumbered Estates Court. Such an approach ignores debt carried forward from pre-Famine times but in the context of the Wyndham Act what is of more relevance is the build-up of debt in the fifty years since the Famine.

An indication of the level and nature of indebtedness of Irish landlords in the second half of the nineteenth and early twentieth century can be gleaned from a study undertaken by L.P. Curtis in the early 1980s.<sup>85</sup> Using data from two sources, the RCB and a sample of 105 Final Schedule of Encumbrances (FSI) obtained from the Irish Land Commission records, Curtis was able to provide an insight into the nature and extent of borrowings by Irish landed estates. The picture that emerges is one of widespread indebtedness. Curtis states that 'Few landowners managed to avoid borrowing at some stage in their lives.'<sup>86</sup> The debt burden ratio defined by expressing the annual interest bill as a percentage of annual rental income varied depending on the size of the estate. While the larger estates borrowed much larger sums, the debt burden on the smaller estate was significantly greater. It was this debt burden rate that was the critical indicator of financial strength. The higher the percentage debt burden the less equipped the borrower was to deal with any downturn in his economic circumstance. For example, looking at the data in Table 1.5 below, the most striking feature is the debt burden ratio of 70.9 per cent associated with the borrowers with small estates of between £100 and £1,000 annual rental valuation. It is worth probing into this figure further so as best to understand these borrowers' predicament. Assuming an annual gross rent roll of £1,000, a debt burden ratio of 70.9 per cent meant that the borrower was paying £709 in interest to the RCB leaving him £291 to run his estate and fund his and his family's lifestyle.

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<sup>84</sup> Socolofsky, 'William Scully, p. 159.

<sup>85</sup> Curtis, 'Landed indebtedness in post-Famine Ireland', pp 332-67.

<sup>86</sup> *Ibid.* p. 336.

Given the level of taxes such as rates and income taxes along with head and quit rents where applicable, it meant that there was little available for the basic costs of providing for a family. Also, the data does not consider that there may have been other borrowings with other lenders which would make the landlord's position even more unviable. Nor does it take account of the fact that eventually loans must be repaid. A landlord in such a predicament would have found it extremely difficult if not impossible to survive the judicial rent reductions introduced by the Land Law (Ireland) Act 1881 or any delay or withholding of rent payments from tenants, both of which, were features of life in late nineteenth century Ireland. For a landlord in this situation there were only two options: sell up or go bankrupt.

**Table 1.5. Mortgage loans of the Representative Church Body, 1871-1907**

Estate Valuation	Number of Estates	Total Valuation	Total Mortgage Loans	Ratio of Mortgage Valuation	Annual Interest Due	Average Rate of Interest	Debt Burden
£		£	£	Times	£	%	%
Small 100-1,000	34	18,938.80	299,176.50	15.8	13,420.00	4.49	70.90
Medium 1,000-5,000	63	147,998.70	1,350,050.40	9.1	60,112.50	4.45	40.60
Large 5,000-15,000	11	111,566.00	678,198.50	6.1	28,688.20	4.23	25.70
Great Over 15,000	12	321,584.50	1,484,365.00	4.6	62,390.50	4.20	19.40
Total All estates	120	600,088.00	3,811,790.40	6.4	164,611.20	4.32	27.4

*Source:* L.P. Curtis, 'Landed indebtedness in post-Famine Ireland', in *The American Historical Review*, Vol. 85, No. 2, (Apr.,1980), p. 344.

It should be noted that Curtis's analysis of 105 Final Schedule of Incumbrances (F.S.I.) (see Table 1.6) which include family and other charges, indicate a significantly lower debt burden ratio for smaller estates. Albeit they are from different data sets, it might have been expected that the more aggregated F.S.I.

figures would show higher overall debt burden ratios.<sup>87</sup> A more detailed analysis of the source data would perhaps reveal the reasons for this apparent anomaly. For the purposes of this study however the figures as presented are important in that they convey not just the extent of indebtedness of the sample but also the variations according to borrower category.

**Table 1.6. Debt burden ratio of 105 estates based on final schedule of incumbrances (F.S.I.) 1903-19**

Estate Valuation	Number of Estates	Total Valuation	Total incumbrances	Ratio of incumbrance / Valuation	Annual Interest Due	Debt Burden
£		£	£	Times	£	%
Small 100-1,000	33	12,721.40	84,147.70	6.6	3,786.60	29.8
Medium 1,000-5,000	33	92,320.10	475,469.80	5.2	21,396.10	23.2
Large 5,000-15,000	24	235,715.00	1,107,486.80	4.7	49,836.90	21.1
Great Over 15,000	15	368,896.10	907,617.00	2.5	40,842.80	11.1
Total All estates	105	709,652.60	2,574,721.30	3.6	115,862.40	16.3

*Source:* Taken from L.P. Curtis, 'Landed indebtedness in post-Famine Ireland', in *The American Historical Review*, Vol. 85, No. 2, (Apr.,1980), p. 350.

<sup>87</sup> A Final Schedule of Incumbrance (F.S.I.) was a document prepared by the Land Commission where an estate was being sold under a land act. The document recorded all charges, mortgages or claims lodged against an estate and the amount that were required to be paid to each of the claimants. The document was lodged with the Land Registry Office. The reference in the chapter to the F.S.I. being 'more aggregated' than the R.C.B. figures is that in the case of the former all claims on the estate are shown whereas with latter only the debt owed to the R.C.B. is shown. The rules pertaining to the completion of the F.S.I. were set out in procedure note 'Irish Land Commission; Land purchases acts; Directions as to the preparation, settlement and vouching of final schedules of incumbrances. 16<sup>th</sup> January,1901. <http://www.dippam.ac.uk/eppi/documents/20305/page/558683>. Accessed 12 May 2017.

The trend is similar in both data sets in terms of the debt burden for smaller estates is higher than that for larger estates.<sup>88</sup> A separate analysis of the indebtedness of ten individual estates indicated an overall debt burden ratio of 27.0 per cent identical to the RCB figure.<sup>89</sup>

Based on his analysis of 270 F.S.I.s, Curtis extrapolated that the largest portion of nineteenth century landlord borrowing took place in the decades between 1850 and 1880.<sup>90</sup> Sir Robert Giffen the Scottish economist, estimated that British insurance companies such as Scottish Widows, Norwich Union and the Equitable had loaned over £12 million to Irish landlords up to 1880.<sup>91</sup> These same companies were not slow to call in these loans as the fortunes of landowners waned under the pressures of the agricultural depression and sporadic land agitation in the last quarter of the nineteenth century. David Cannadine cites the example of the Scottish Widows in 1890 applying pressure on the duke of Devonshire with regard to loans of £80,000 he had on his Irish estates and forcing him to repay the loans at a rate of £10,000 a year.<sup>92</sup> This demand was on a man, whose credit rating in 1869, had been described by Lord Granville as: 'being very nearly as good as that of the state'<sup>93</sup>

The reasons why landowners borrowed were many. Cannadine set out four reasons why landlords borrowed in nineteenth-century Britain, three of which are applicable in the case of Ireland.<sup>94</sup> The first category relates to the borrowing of money to cover the cost of making various types of 'family settlements'. The arrangement known as '*strict settlement*' came into common usage in the mid-seventeenth century and lasted until the introduction of the Settled Estates Act in 1882.<sup>95</sup> The system was devised to address two problems encountered by landed families namely the transmission of property from one generation to the next and the making of financial

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<sup>88</sup> Curtis, 'Landed indebtedness in post-Famine Ireland', p. 354.

<sup>89</sup> Ibid. p. 356.

<sup>90</sup> Ibid. p. 362.

<sup>91</sup> Robert Giffen, 'The economic value of Ireland to Great Britain' in *Economic inquiries and studies* (1904), vol. I, p. 445.

<sup>92</sup> Cannadine, 'The landowner as millionaire', p. 87.

<sup>93</sup> Granville to Gladstone, 26 May 1869. Quoted in Cannadine, 'The landowner as millionaire', p. 84.

<sup>94</sup> Cannadine, *Aristocratic indebtedness*, p. 638.

<sup>95</sup> John Habakkuk, *Marriage, debt and the estates system, English landownership 1650-1950* (Oxford, 1994), p. 1.

provisions for family members who were not the beneficiaries of a landed or monetary bequest or transfer. The arrangement operated in conjunction with the practice of primogeniture whereby it was normally the eldest son who took on responsibility for the estate under a ‘tenancy for life’ type arrangement. This mechanism was repeated through the generations on a father to eldest son basis and even assumed that yet unborn eldest sons inherited *in tail*. The first consequence of this arrangement was that the nominal owner of the property did not have the legal right to sell it as he was in effect a custodian of the estate for the next generation. The unintended consequence of this form of settlement was that it made land less attractive to lenders as a form of security although the strict settlement oftentimes was not quite as strict as might be inferred particularly regarding outlying estates or holdings.

The obvious unfairness whereby one individual inherited the entire estate was offset by the making of family settlements or financial arrangements with the rest of the family. Thus, it was common practice for siblings or parents to be awarded family settlements whereby they were guaranteed a certain income, oftentimes for life, usually funded from the income generated by the estate. Family charges were important considerations in two of the estates examined by this study. The Clonbrock estate was in 1905 (see Table 6.1, Chapter 6), subject to a number of family charges in relation to the 4<sup>th</sup> baron’s siblings. Amounts ranging from £5,000 to £500 were set aside from the sales consideration to meet the obligations under these charges. Similarly, on the death of the 5<sup>th</sup> baron in 1926, amounts were set aside to cover the life interests of his three sisters.<sup>96</sup> In the case of the Leinster estate, there were nine family charges registered at the date of sale and an amount of £36,634 was set aside to provide for these.<sup>97</sup> In relation to the Verner family in Armagh, the estate was charged with making fixed annual payments of £2,000 to the Dowager Lady Verner and £1,200 to Lady Mary Verner. The effect of such an arrangement was that out of total annual rental income of approximately £10,000, £3,200 had to be allocated to meeting the annuity payments of family members.<sup>98</sup> In general these arrangements were funded out of the income of the estate which meant

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<sup>96</sup> For more details see chapter 6.

<sup>97</sup> Leinster estate papers (P.R.O.N.I. SM 23: Mic 541, Reel 15, D3078/2/15/10)

<sup>98</sup> Purdue, *The big house in the North of Ireland*, pp 74-5.

that in bad years borrowing was required to serve any shortfall where it arose. When the family was large such settlements could be very demanding and when accompanied by the payment of dowries it could be extremely expensive. It is interesting to compare the typical family arrangement with the more sophisticated form of arrangement entered into by a more professional Dublin-based merchant family, the Shaws of Terenure. Robert Shaw was a wealthy grain merchant and private money lender. In 1786, he made settlements on three of his children, Robert Junior (£800p.a.), Bernard Shaw (£700p.a.) and Mary Shaw (£250p.a.). He provided for such annual sums by purchasing a share in the proceeds of patent income licence and furthermore hedged his risk by taking out life cover, totalling £8,500 from Royal Exchange on the lives of the three children for a cost of £194 11s.<sup>99</sup> This option was open to landed families making similar arrangements but this study has not found any evidence to suggest that other landed families entered into this type of transaction which, while somewhat sophisticated, afforded a significantly greater degree of financial freedom.

The extent of family charges on an estate was in many ways down to luck in terms of the longevity of a beneficiary or the number of children in a family. An example of this would be that of Georgiana, the countess of Longford, who survived her husband by forty-five years receiving a jointure of £2,000 per annum.<sup>100</sup> Similarly, the fourth duke of Leinster had seven children which meant that six had to receive portions giving rise to an encumbrance of £154,000 on the estate.<sup>101</sup> In the case of the estate of the duke of Abercorn, family charges in the mid-1880s amounted to £14,447 per annum while rents totalled £35,936.<sup>102</sup> On the other hand, the Clonbrock estate in 1912 had family charges of just £645 per annum against a rent roll of £9,861.<sup>103</sup> Similarly the Bellew estate had family charges of only £500 per annum in 1912 against an annual rental income of almost £4,500.<sup>104</sup>

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<sup>99</sup> Tony McCarthy, *The Shaws of Terenure, A nineteenth century Dublin merchant family* (Dublin, 2010), pp 26-7.

<sup>100</sup> Curtis, 'Landed indebtedness in post-Famine Ireland', p. 358.

<sup>101</sup> *Ibid.* p. 360.

<sup>102</sup> Abercorn papers, PRONI, MSS, D.1932/4/33-34.

<sup>103</sup> G. Mahon to Lord Clonbrock, 18 Aug. 1905 (N.L.I. Clonbrock papers, MS 35,721.3)

<sup>104</sup> James Robinson to Sir Henry Bellew, Jan. 1912 (N.L.I. Bellew Papers, MS 27290 [2])

For families with daughters the cost of a dowry could give rise to a need to borrow. Marriage dowries could be significant and placed considerable financial pressure on families. To be only able to pay a small dowry was a declaration of poverty and impacted on the quality of the potential husband's status which meant that poorer landed families were condemned to generational poverty due to the failure to marry off a daughter to a socially superior family. An indication of the scale of marriage settlement can be seen in the case of the Shaw family. In 1796 Abraham Wilkinson gave a dowry of £10,000 along with substantial property transfers when his daughter, Maria, married Robert Shaw subject to an £800 jointure<sup>105</sup> A similar dowry was paid when Caroline King, the daughter of Viscount Lorton of Boyle, married Sir Robert Gore Booth in 1827.<sup>106</sup> Cannadine maintained that marriage settlements, while placing some pressures on family finances, were not overly burdensome.<sup>107</sup>

A second reason for borrowing was to cover the cost of house building. The need to project wealth, social status and lineage was particularly compelling during times of economic prosperity such as that which pertained during the Napoleonic war period and its immediate aftermath, when many of Ireland's Great Houses were built or significantly improved such as Gosford Castle (1812), Buttevant Castle (1810), Adare Manor (1820), Ducketts Grove (1820), Mount Talbot House (1820), Clonbrock House (1824) and Lissadell House (1830). Lissadell House was built by Sir Robert Gore Booth at a cost of £11,701 and was funded by the dowry of £10,000 received when he married Caroline King in 1827.<sup>108</sup> Even as the century progressed and the economy became less vibrant, house building and remodelling continued albeit at a slower pace. Houses built and expanded during this period included Powerscourt Gardens (1843), Carrigmore House (1842), Mayfield House (1849), Kilkenny Castle (1854) and Killashee House (1885). A notable example of late nineteenth century house building was that of the earl of Kenmare who spent £100,000 in constructing Killarney House.<sup>109</sup> Nor was expenditure on housing of a

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<sup>105</sup> McCarthy, *The Shaws of Terenure*, p. 20.

<sup>106</sup> Moran, *Sir Robert Gore Booth*, p. 10.

<sup>107</sup> Cannadine, *Aristocratic indebtedness*, p. 639.

<sup>108</sup> Moran, *Sir Robert Gore Booth*, p. 12

<sup>109</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 196.



‘once-off nature’; for instance, according to Terence Dooley the Ormondes spent 37.7 per cent of aggregated rental income from 1870 to 1877 on the upkeep of Kilkenny Castle and gardens.<sup>110</sup> The furnishing of these houses and the building up of collections was also significant in terms of expenditure. As to how much of this building was financed by debt is impossible to say in aggregate terms, but Cannadine has ventured the view, that in England, house building represented a significant source of debt and that it was the agricultural depression of the 1880s that brought it to a conclusion rather than any new-found sense of propriety or the influence of evangelical righteousness.<sup>111</sup>

The final area that Cannadine identified as a cause of borrowing related to investments in ‘non-agricultural enterprises’. Evidence would suggest that this type of investment was more common in Britain than in Ireland, particularly among the ducal families such as the Devonshires, the Westminsters and the Sutherlands who invested in commercial property, railway shares and properties in the New World.<sup>112</sup> Irish landlords were not totally alien to the concept of non-agricultural investment. The family papers of Bernard Fitzpatrick (1848-1937), the 2<sup>nd</sup> baron of Castletown whose estate of 22,000 acres in Queens County, contain many examples of investments in mining companies, real estate, ranches and railway investments in such places as South Africa, Canada, Australia and the USA.<sup>113</sup> The aforementioned William Scully became one of the largest landowners in the American Midwest. Except for a small group of aristocratic families such as lords Pembroke, Meath, De Vesci, Longford and Carysfort all of whom owned property in Dublin, few held urban property.<sup>114</sup> Curtis contended that no more than 1 per cent of Irish landlords held external assets such as interests in coalmines or urban property.<sup>115</sup>

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<sup>110</sup> Dooley, *The decline of the big house*, p. 35.

<sup>111</sup> Cannadine, *Aristocratic indebtedness*, p. 639.

<sup>112</sup> Cannadine, *The decline and fall*, pp 134-6.

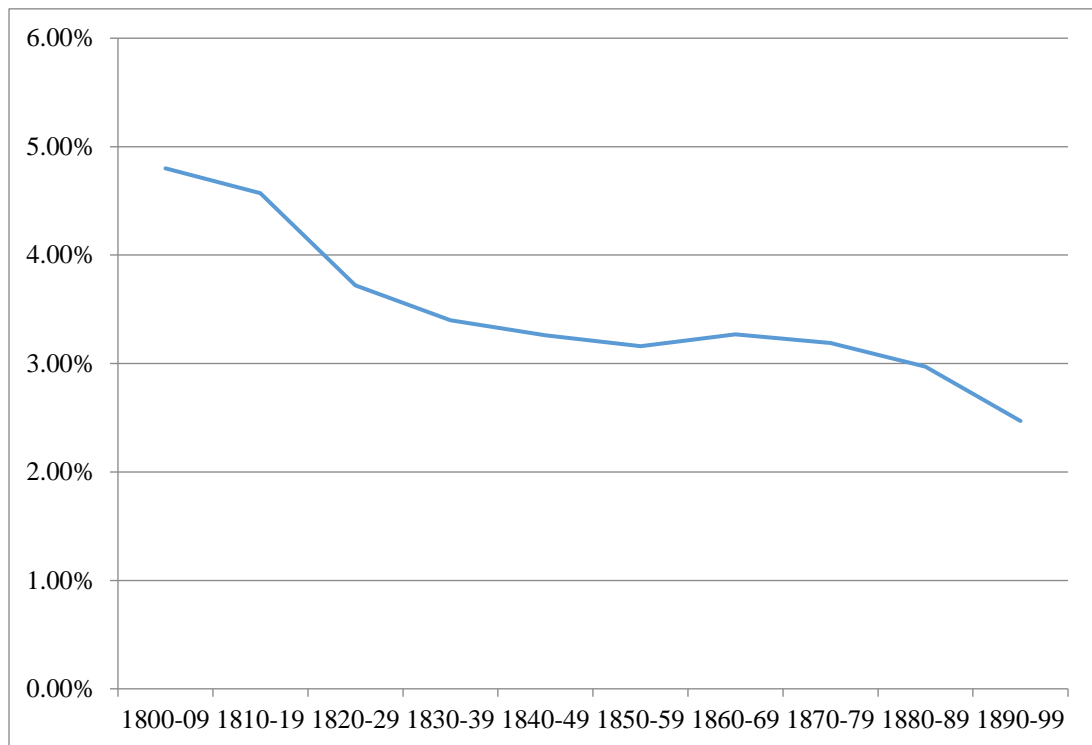
<sup>113</sup> Letters to Lord Castletown relating to investments and financial matters, (N.L.I. Lord Castletown papers. MS 35,309, 1-10)

<sup>114</sup> Curtis, ‘Landed indebtedness in post-Famine Ireland’, p. 360.

<sup>115</sup> *Ibid.* p. 336.

One cannot address the issue of indebtedness without examining the impact of interest rates on debt. For borrowers, as landowners were for the greater part of the nineteenth century, the interest rate environment was positive.

**Figure 1.1 Yields on long term British Government bonds 1800-1900  
(Decennial averages)**



*Source:* Sidney Homer and Richard Sylla, *A history of interest rates* (New Jersey, 2005), pp 192-4.

The century started with the trauma of the Napoleonic wars with British consols yielding almost 5.0 per cent due to the need for the government to raise funding to cover the cost of the war. The need to fund wars was the principal reason the British government sought to raise finance and apart from the Crimea campaign in the mid-century and the Boer War at the very end of it, the century was relatively peaceful and as a result the requirement to raise funds was low. The consequence of this was that interest rates reduced as the century progressed which was good news for borrowers. The impact of headline interest rates as shown in Figure 1.1 above may

have been somewhat muted because the strict settlement arrangement prevailed throughout most of the nineteenth century and mitigated against using land as a security against borrowings.<sup>116</sup> Thus, landowners used a range of borrowing devices such as annuities for the life of the buyer or indeed seller, reversionary interests and the mortgaging of an estate out of settlement. The primary impact of these devices was higher interest charges but as the agricultural depression worsened from 1880 due to low cost imports from North America and Australasia, coupled with increased land agitation, there were no lenders willing to advance money to Irish landlords at any price. Samuel Hussey, land agent to the earl of Kenmare, used a phrase in relation to the passing of the 1881 Land Act that ‘No capitalist will now lend on Irish estates’.<sup>117</sup> Landlords had run out of credit and their room for manoeuvre was getting smaller and smaller. Illustrative of this situation was the significant decline in land transactions under the 1896 Land Act. In 1898 there were 8,000 sales, 1900 saw 5,000 transactions and by 1901 the number had fallen to less than 3,000. The market for Irish land was grinding to a halt.<sup>118</sup> The fall-off in transactions was accompanied by a reduction in the average prices being paid for land, in terms of the number of years’ purchase for sales in the years 1901 and 1902 were 18.1 and 17.9 respectively.<sup>119</sup>

For the purpose of this study, the family papers of five individual estates were scrutinised. The examination covered a broader range of liabilities than looked at by Curtis and as such is more comprehensive. Their examination highlights that a number of factors need to be taken account in interpreting indebtedness. In the first instance, one needs to define indebtedness. To be meaningful it needs to include any charge with a claim on the estate and not just borrowings. It should include, therefore, family charges, Board of Works charges for loans advanced for land improvements, tithe rent charges, head rent redemption charges, quit rent redemption charges and other claims on the estate. These charges mounted up. Thus, in the case

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<sup>116</sup> Homer and Sylla. *A history of interest rates*, pp 192-4.

<sup>117</sup> *Irish Times*, 9 Feb. 1882.

<sup>118</sup> Wyndham, ‘Cabinet memorandum on the Irish land question’, 8 Oct. 1902 (T.N.A., CAB 37/62/139), p. 3.

<sup>119</sup> ‘Return showing by counties the average number of years’ purchase under the Ashbourne Act for years 1901 and 1902, and under the act of 1903, to the 31<sup>st</sup> July, 1908, in the different counties of Ireland’ (356) HC 1908, xc, 1411.

of the Bellew Estate, in 1912, there were borrowings of £11,185 (all incidentally from individuals) but other charges on the estate of £34,215.<sup>120</sup> This information comes from Table 4.1 in chapter 4. When deciding whether to sell an estate or not, a landlord would usually have a schedule similar to that shown in Table 4.1 prepared by the estate accountant or solicitor showing the expected gross sales less all the loans, charges and costs that would have to be discharged resulting in an expected net sales consideration. The reason for preparing the schedule was to provide the landlord with a clear view of what funds he would have at his disposal post a potential sale. In the case of the Bellew estate, the estimated gross consideration was shown as £113,494 with total claims against the estate of £46,900. This equates to an overall debt burden of 40 per cent against the expected proceeds of a sale. Using the methodology applied by Curtis in the case of the RCB mortgages, the debt burden ratio would have been 9.9 per cent. The Clonbrock Estate at the time of its sale in 1914 was not subject to any borrowing therefore the debt burden ratio under the Curtis model would have been 0 per cent whereas taking family and other charges into account the debt burden ratio was 20.5 per cent.<sup>121</sup> Likewise, the Leinster estate at the time of the sale in 1903 had no external debt. This was because in 1890, the fifth duke of Leinster had sold 19,200 acres of land from his Kildare and Rathangan estates realising £246,400 and used these proceeds to pay down large encumbrances that had built up on the estate over the years.<sup>122</sup> Curtis estimated that over half of the debt of £292,077 that the fifth duke inherited when he succeeded his father to the title in 1887 was because of portions being made for his six younger children.<sup>123</sup> Thus, when the remainder of the Leinster estate was sold under the Wyndham Act in 1903, the only liability apart from the costs associated with the sale were family charges totalling £78,831 meaning that the debt burden ratio was 10.3 per cent of the sales proceeds of £766,647.<sup>124</sup> These examples serve only to illustrate that caution needs to be exercised in looking at data regarding aggregated indebtedness figures.

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<sup>120</sup> Robinson to Sir Henry Bellew, Jan 1912 (N.L.I., Bellew Papers, MS 27290 [2]).

<sup>121</sup> G. Mahon to Lord Clonbrock, 18 Aug. 1905 (N.L.I. Clonbrock Papers, MS 35,721.3)

<sup>122</sup> Terence Dooley, *The decline and fall of the Dukes of Leinster 1872-1948, love war debt and madness* (Dublin, 2014), p. 71.

<sup>123</sup> Curtis, 'Landed indebtedness in post-Famine Ireland', p. 360.

<sup>124</sup> Statement of application of funds, July 1905, (PRONI, Leinster Estate papers, D.3078/2/15/10)

However, despite the caveats there are conclusions that can be drawn from the various strands of information that exist regarding landed debt in the nineteenth and early twentieth centuries. In the first instance, some level of debt was common for most landed families. The reasons for this will be discussed later in this chapter. Secondly, the debt burden was more pressing on landlords of smaller estates. This was due to two main reasons. The first was that the cost of borrowing was higher for less secure smaller borrowers than it was for those of larger estates. Table 1.5 above shows the owners of small estates paying average interest of 4.5 per cent whereas those of the larger estates were paying 4.2 per cent. The second issue was that the cost of maintaining a lifestyle for a landlord with an annual rental income of say £1,000 was most likely the same as that of a more substantial estate owner inferring a greater tendency to borrow to pay for it. A third conclusion that can be reached is that from about 1850 to the onset of the agricultural depression in 1877 there was no shortage of mortgage lenders seeking to obtain a higher rate of return than available from bank deposits or investing in consols.<sup>125</sup> Post 1880, however, these sources dried up and many institutions sought to call in their loans. Another factor that influenced the willingness to borrow was the relaxed attitude to debt among the landed classes as evidenced by the observation that ‘the fact that in an aristocratic society little social stigma attached to debts, even when they were heavy and the result of extravagance.’<sup>126</sup> Reflective of this attitude was a comment by the duke of Bedford to the sixth duke of Devonshire, who had sought his advice about selling off lands to reduce mounting debts, ‘of the relative insignificance of purely financial considerations when compared with the question of the family’s social and political standing.’<sup>127</sup> Estates with high debt burden ratios at the start of the agricultural depression would have found themselves in a downward debt spiral as their rents fell or stalled because of land agitation giving rise to a need for more borrowings at even higher interest rates. The conclusion that can be drawn is that while indebtedness was widespread, the levels varied quite significantly. Any suggestion, therefore, that

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<sup>125</sup> Consol is short for ‘Consolidated stock’ is the name given to certain British Government bonds. These bonds are usually perpetual in nature in that they are redeemable at the option of the Treasury. The term Consol came about when in 1752 the British Government converted all then outstanding bonds in a single consolidated issue.

<sup>126</sup> John Habakkuk, *Marriage, debt, and the estates system – English landownership 1650-1950*, (Oxford, 1994), p. 303.

<sup>127</sup> Cannadine, ‘The landowner as millionaire’, p. 84.

landlords were financially doomed as a class because of indebtedness would be as inaccurate as saying that all Irish people were financially bankrupt in 2008. The reality was that some were, but many were not.

### **1.5: Estate rentals**

Rent is the economic return on property and is the very lifeblood of a landed estate. It is at the centre of the landlord – tenant relationship. In that context its non-payment can, as Irish history bears testimony to, become the principal weapon in any conflict between landlords and tenants. For a topic, so central to one of the dominant themes of Irish history, land, particularly in the nineteenth century, it is perhaps surprising that so little aggregate data exists relating to the whole island similar to that compiled by Liam Kennedy and Peter Solar with regard to farm produce prices for the period 1750 to 1913.<sup>128</sup> Using a combination of primary and secondary sources the study has looked at nineteenth century rents through five-time periods or phases.

The first phase is that from 1793 to 1815. This period which was dominated by the Napoleonic wars was characterised by rising agricultural prices, rising population and an insatiable appetite for land. As a result, rents rose but because of the middleman system much of the benefits flowed to these intermediate landlords rather than the real owners of the land. However, those landlords who maintained control over some or all of their own lands did benefit significantly. Phase 2 covered the thirty years from 1816 to 1845, a period dominated by a depression in agriculture brought about by the end of the European wars and the attempts by landlords to wrest back control of their estates from the middlemen. The third and shortest phase (1846 to 1850), which was brought about by the Great Famine and a general downturn in European agriculture, was the most dramatic in terms of its impact on highly encumbered estates and those with high levels of subdivision. This phase also brought about the final eradication of the middleman system and the re-establishing

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<sup>128</sup> Liam Kennedy & Peter M. Solar, *Irish agriculture: A price history from the mid-eighteenth century to the eve of the First World War* (Dublin, 2007).

of control of those original owners who survived the worst economic consequences of the famine.

Of more relevance, however, to this study is the situation in the last half of the nineteenth century. Apart from the occasional interruption due for example, weather-induced bad harvests such as those of 1861 to 1864, the period 1850 to 1877 was good for all connected with Irish agriculture. The prices of agricultural products such as cereals, milk, and beef (see Figures 1.2 and 1.3) rose at a faster rate than rents and to quote Ó Gráda, ‘if the farm has not been run out, and no big leak like drink exists the average tenant could ride out the worst years.’<sup>129</sup> Louis Cullen supports this view: ‘Rising rural prosperity was evident in post-famine Ireland. The farmer gained; so too, to an extent, did the farm labourer. Apart from a sharp depression in the late 1850s and early 1860s, bank deposits, a sensitive barometer of agricultural incomes, rose rapidly. They doubled from £8 million in 1845 to £16 million in 1859 and despite a small drop in 1861 they stood at £33 million in 1876.’<sup>130</sup> Like Ó Gráda, Cullen maintained that ‘the rise in rents was moderate’ and estimated that ‘[they] did not exceed £12 million and that they were therefore not significantly higher than they had been at the end of the Napoleonic wars.’<sup>131</sup> This improvement in economic conditions was reflected in the value of land as evidenced by the sale of the Castle Hyde estate in Cork. Purchased in 1851 for £14,425 from the Encumbered Estates Court, the estate was sold in 1860 for £45,000.<sup>132</sup> This estate had been purchased by Vincent Scully, M.P. for Cork, son of the James Scully and brother of William Scully both referred to earlier in this chapter.<sup>133</sup> Similarly, the Holybrook estate that

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<sup>129</sup> Cormac Ó Gráda, *Ireland: A new economic history, 1780-1939* (Oxford, 1994) p. 256.

<sup>130</sup> Cullen, *An economic history of Ireland*, p.137.

<sup>131</sup> *Ibid.* p.138.

<sup>132</sup> Donnelly, ‘*Landlords and tenants*’, *A new history of Ireland*, p. 347.

<sup>133</sup> Vincent Scully (1810-71) was a barrister, landowner, banker and politician. Of a Catholic landowning family in County Tipperary, he was educated in Oscott, a public school in Staffordshire and in Trinity College, Cambridge. He was called to the Bar in 1833 and became a Queen’s Counsel in 1849. He had succeeded to the family estate in Kilfeacle following the murder of his elder brother, James in 1842 in a land dispute related incident. He was a director of The Tipperary Savings Bank which had been established by his father, James, in 1802 (see earlier in chapter). This bank which collapsed amid much scandal in 1856 was managed by Scully’s cousin, John Sadlier. His younger brother William became one of the largest landowners in North America. [note compiled from C.J. Woods in *DIB*, pp 816-820. and Socolofsky, ‘William Scully’, pp 155-75.

was purchased in 1853 for £1,950 and sold in 1859 for £4,050.<sup>134</sup> When the earl of Thomond sold his 48,000-acre estate in Clare and Cork in 1857 he received £360,000 representing 26.7 times the annual rental of £13,500.<sup>135</sup> Landlords fortunes had turned for the better, and the fact that with the demise of the middleman system, they were now in a position to reap the benefits for themselves unlike during the 1793 to 1815 period.

As suggested by Cullen and Ó Gráda, rents moved upwards but at a moderate pace. The evidence from various estate records supports this contention although significant variations existed. Barbara Solow has argued that Griffith's valuation completed in 1852 was reasonably accurate in determining rents at that time but that by 1865 was some 15 per cent lower than real values. She further calculated that between 1865 and 1880 that rents rose by on average 12 per cent.<sup>136</sup> Putting this in context, however, a report based on a survey of 1,300 estates by the Irish Land Committee carried out in 1880 found that over 40 per cent of rents prevailing that year had been fixed before 1851.<sup>137</sup>

On an individual estate basis, the evidence substantiates the general variations suggested above. Rents on the Headfort estate in Meath rose by just 4 per cent in the twenty years between 1855 and 1875.<sup>138</sup> An examination of the Powerscourt Wicklow estate rental records shows that rents increased by 23 percent between 1847 and 1857.<sup>139</sup> Samuel Hussey, a landowner and one of the country's most experienced land agents, in a letter to the duke of Argyle wrote: 'The rent of arable land in Ireland is less than in 1840'<sup>140</sup> Terence Dooley on the other hand cites the examples of the Clonbrock estate where rents between 1854 and 1869 increased by 13 per cent and a further 11 percent in the period 1869 to 1880.<sup>141</sup> William Vaughan provides numerous examples of wide variations in rental levels on individual estates. He cited

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<sup>134</sup> Donnelly, *'Landlords and tenants'*, *A new history of Ireland*, p. 347.

<sup>135</sup> A.M. Sullivan, *New Ireland* (London, 1877) vol. i, p. 286.

<sup>136</sup> Solow, *The land question*, pp 66-69.

<sup>137</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 189.

<sup>138</sup> Joe Mooney, *The changing fortunes of the Headfort estates, 1870-1928* (Dublin, 2012), p. 13.

<sup>139</sup> Powerscourt estate rentals (N.L.I., Powerscourt papers, MSS 19,202; 19,246).

<sup>140</sup> Donnelly, *The land and the people of nineteenth-century Cork*, p. 188.

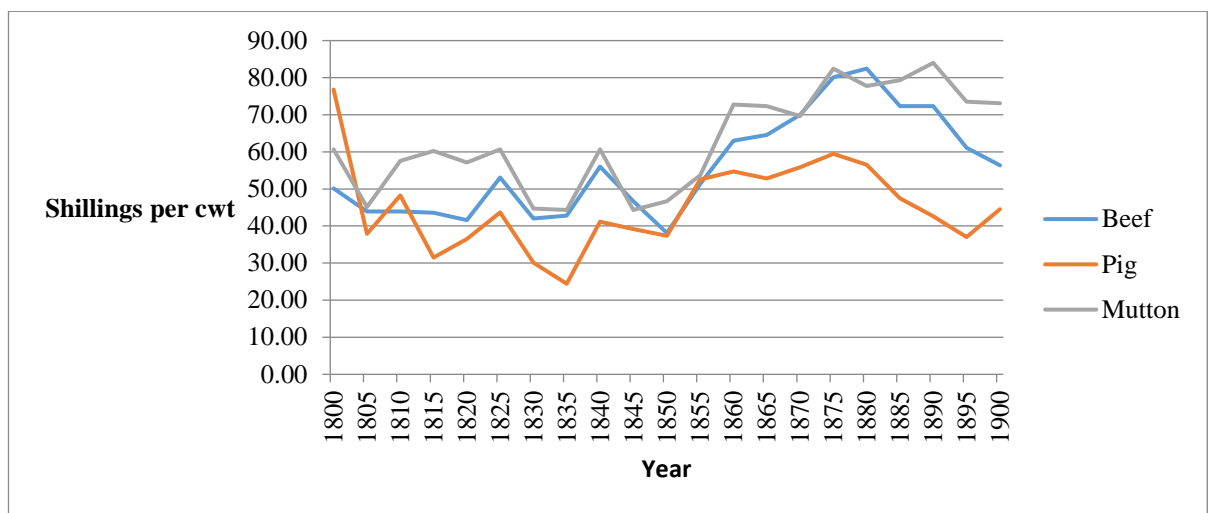
<sup>141</sup> Dooley, *The decline of the big house*, p. 33.



evidence from the Bessborough Commission regarding the Salters estate in Co. Derry where ‘rents were unchanged from 1852 to 1878’.<sup>142</sup> Vaughan also gives the example of the Downshire estate where rents in 1880 were 33 per cent less than Griffith’s valuation, which as stated above, was by 1865, 15 per cent lower than real values.<sup>143</sup> More representative was Vaughan’s analysis of fifty estate rental records which showed that rents increased by an average of 20 per cent during the period 1851 and 1879.<sup>144</sup> His more detailed analysis of eleven estates, while producing the same overall average rate of increase, also recorded wide variation between the estates such as on the Hamilton’s (– 5 per cent) to the Garvagh estate (+25 per cent).<sup>145</sup>

Drawing the various strands of evidence together would suggest that rent increases between 1850 and 1880 were of the order of 20 to 30 per cent. Price movements of agricultural output rose much more significantly, however, during the period 1850 to 1875; Beef (+62.6 per cent); Mutton (+59.4 per cent); and 3-year-old cattle (+48.9 per cent).

**Figure 1.2 Irish meat prices 1800-1900**



*Source:* Chart prepared by the author from data extrapolated from, Liam Kennedy and Peter Solar, *Irish agriculture: A price history* (Dublin, 2007), pp 168-183.

<sup>142</sup> Vaughan, *Landlords and tenants*, p. 44.

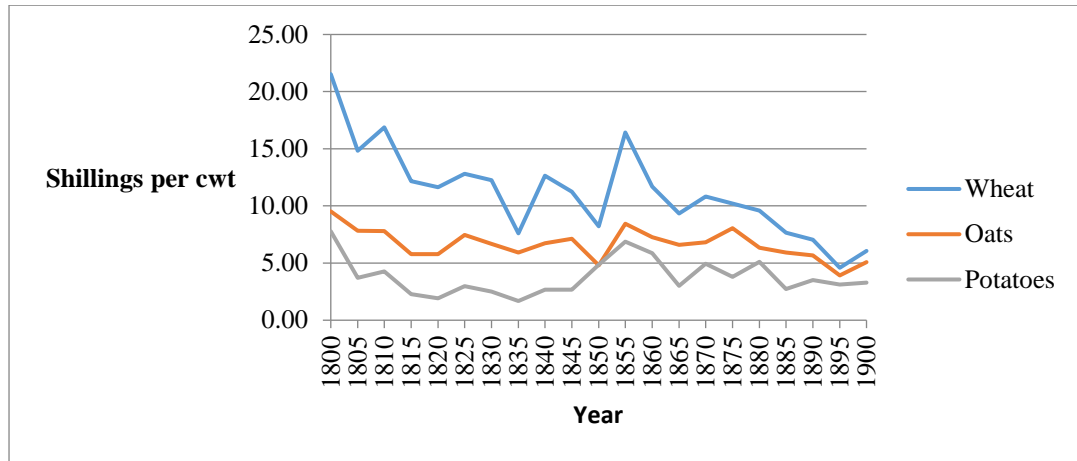
<sup>143</sup> *Ibid.* p. 45.

<sup>144</sup> W.E. Vaughan, ‘A study of landlord and tenant relations in Ireland between the famine and the Land War’ (Ph.D. thesis, University of Dublin, 1974), p. 49

<sup>145</sup> Vaughan, *Landlords and tenants*, pp 239-240.

Tillage crops did not however enjoy such price growth with wheat falling by 8.8 per cent in the same period.<sup>146</sup>

**Figure 1.3 Irish cereal prices 1800-1900**



*Source:* Chart prepared by the author from data extrapolated from, Liam Kennedy and Peter Solar, *Irish agriculture: A price history* (Dublin, 2007), pp 131-55.

While these prices feed into rents it is clear that farmers benefitted more from the uptake in agriculture than landlords during the period reflected in the aforementioned increase in bank deposits, and placing them in a better position to deal with what was to follow than most landowners.

The final rent phase of the nineteenth century, commenced with the onset of the agricultural depression in 1879. The catalyst for the downturn was a series of bad harvests in the late 1870s, culminating in one of the wettest years on record in 1879.<sup>147</sup> In that respect it was much the same as any other cyclical slump that had occurred many times over the centuries. The difference, however, between this and anything that had gone before was that this was a structural rather than cyclical decline brought about by a fundamental change in supply patterns that would change not just Irish but world agriculture forever. There is some debate among economic historians regarding the impact of new supply markets on European agriculture with

<sup>146</sup> These price movements have been extrapolated by the author from: Liam Kennedy and Peter Solar, *Irish agriculture: A price history*, pp 133-82.

<sup>147</sup> Perren, *Agriculture in depression*, p. 7.

some such as Stephen Broadberry, Giovanni Federico and Alexander Klein arguing that gross output across Europe particularly Russia, Greece and the Austro-Hungarian empire recorded above average output growth in the period 1870 to 1913.<sup>148</sup> Whereas others such as Richard Perren, argued that the growth in imports from new markets was universally bad for European agriculture.<sup>149</sup>

The opening up of new supply markets from the 1870s onwards was a function of two developments. The first was related to the changing demographic situation in an industrialising Europe, particularly Britain. The growth in urban populations necessary to staff the factories and mills of Britain and mainland Europe brought with it a requirement to provide cheap and nutritious food. This became a political and social priority and was one faced up to by the British government by removing in the 1840s two significant obstacles to international trade; the Corn Laws (1815-1846) and the Navigation Acts (1651-1849). The second and most important development was related to the technological developments of the second half of the nineteenth century. Advances in transport, refrigeration and packaging technologies were to play a major part facilitating the sourcing of agricultural foodstuffs from the new markets of North and South America and the Antipodes. The advent of steam ships meant that voyages that previously took months now took days. Prior to steam it took on average two months for a ship to journey from Liverpool to New York but by 1900, the *Maritania* could complete the trip in four days. The opening of the Suez Canal in 1869 reduced the journey from London to India by over 4,300 miles. Developments in refrigeration followed rapidly after 1877 when the *SS Paraguay* first transported a consignment of frozen beef from Buenos Aires to France.<sup>150</sup> Similarly developments in canning and glass containers meant that location and distance from source were no longer significant issues. Food markets had become global.

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<sup>148</sup> Stephen Broadberry, Giovanni Federico, Alexander Klein, 'Sectoral developments, 1870-1914' in Stephen Broadberry and Kevin O'Rourke (eds.), *The Cambridge economic history of modern Europe: 1870 to the present*, vol ii (Cambridge, 2012), pp 64-5.

<sup>149</sup> Perren, *Agriculture in depression*, p. 68.

<sup>150</sup> Liner transatlantic crossing times, 1833-1952, <https://people.hofstra.edu/geotrans/eng/ch3en/conc3en/linertransatlantic.html> accessed 1 Jan. 2015.

The impact of these developments is demonstrated by Table .1 below which shows the growth in British imports of meat and wheat for the period 1872 to 1912.

**Table 1.7. Supply sources for meat and wheat in Britain 1872-1912**

Source of product	1872	1882	1892	1902	1912
	Cwt Millions	Cwt Millions	Cwt Millions	Cwt Millions	Cwt Millions
<b>Meat</b>					
Home production	26.6	25.6	28.2	29.1	29.7
Imports	4.2	9.0	13.5	20.3	21.8
Total	30.8	34.6	41.7	49.4	51.5
Per cent imports	<b>13.6</b>	<b>26.0</b>	<b>32.3</b>	<b>41.1</b>	<b>42.3</b>
<b>Wheat</b>					
Home production	50.7	44.7	33.6	32.2	31.1
Imports	47.4	80.7	95.6	107.9	131.1
Total	98.1	125.4	129.2	140.1	162.2
Per cent imports	<b>48.3</b>	<b>64.4</b>	<b>73.4</b>	<b>77</b>	<b>80.8</b>

*Source: These figures used in this table have been extrapolated by the author from data in Richard Perren, Agriculture in depression, 1870-1940 (Cambridge, 1995), pp 8-16.*

While the opening up of new supply markets for foodstuffs was good for society as a whole but was bad for British and Irish agriculture and by extension landlords. Ó Gráda estimated that between 1880 and 1902, British landlords, suffered a decline in their income of almost 30 per cent due to reductions in their rental and home farm incomes.<sup>151</sup>

<sup>151</sup> Cormac Ó Gráda, 'Agricultural decline 1860-1914' in R. Floud and D. McCloskey (eds.), *The economic history of Britain since the 1700s: 1860 to the 1970s*, vol. ii (Cambridge, 2009), p. 179.

The situation of Irish landlords was far worse than that of their British counterparts for two interconnected reasons. Firstly, the politicisation of the land question and the spread of orchestrated agrarian agitation culminating in the Land War (1879-81) and the Plan of Campaign (1886-91) meant that the financial wellbeing of landlords was affected by rent strikes, and the consequent fall in the value of their estates which led to an unwillingness by funders to lend. Coupled with these threats, was the British governments reaction, which was to introduce a series of land acts between 1870 and 1896 designed to appease tenants and defuse political anger. Ireland had changed, and the era of landlords was about to enter its final phase. Crotty described the new landscape well when he wrote:

During the Great Famine and the following decades, the character of the Irish rural population changed from predominantly proletariat to predominantly bourgeoisie. The bourgeoisie presented a more formidable opposition to the tenure system and, assisted by a changed political climate and political situation in Britain, succeeded in overthrowing the landlord-tenant system of tenure. The land was vested in the occupying farmers on exceedingly favourable terms.<sup>152</sup>

Tenants were quick to seek rent reductions and abatements. James Donnelly recounted how tenants in Cork sought abatements on the first gale day of 1879 which were rejected by most landlords. A similar plea on the November gale day met with a more favourable response when forty landlords reduced their rents by an average of 25 per cent.<sup>153</sup> These reductions seem high relative to those granted by other landlords and may reflect specific issues. Terence Dooley estimated that Lord Clonbrock granted reductions to his tenants in each of the three years to 1883 of 2.3 per cent, 5.3 per cent and 4.5 per cent respectively.<sup>154</sup> Rent reductions on a number of the eleven estates reviewed by William Vaughan covering the years 1880 to 1886 show a relatively modest level of reductions ranging from 7.2 per cent in the case of the Garvagh estate to 1.7 per cent on the Erne estate.<sup>155</sup>

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<sup>152</sup> Raymond Crotty, *Irish agricultural production: Its volume and structure* (Cork, 1966), p. 83.

<sup>153</sup> Donnelly, *The land and the people of nineteenth-century Cork*, pp 254-255.

<sup>154</sup> Dooley, *The decline of the Big House*, p. 93.

<sup>155</sup> Vaughan, *Landlords and tenants*, pp 239-240.

What was of much more significance, however, to landlords, was the level of rent reductions brought about by the introduction of the judicial rent review process in part 2, section 8 of the Land Law (Ireland) Act 1881. While intended to be a two-way process which would allow either landlords or tenants to appeal a rent increase or decrease, because of the political situation it turned out to be generally a one-way process whereby tenants made little effort to agree rents directly with landlords and instead chose to appeal to the Land Commission courts to adjudicate on a fair rent. Once fixed in this way, the rent was set for a period (first term rent) of fifteen years. On expiry of that first-term, the tenant or the landlord could apply to the court again for a rent to be fixed for a further fifteen years (second-term rent). After another fifteen years, the process was repeated, and a rent fixed for a further fifteen years (third term rent). The judicial rent provision was intended to deal with exceptional cases where agreement could not be reached between landlord and tenant but as events transpired tenants preferred to use the court process as a matter of form. As a consequence, the courts became swamped in applications and the ‘rage for litigation’ referred to by Wyndham in introducing his 1902 and 1903 bills had begun.<sup>156</sup> The judicial rent process effectively removed normal rent market conditions. Coupled with the effective introduction of dual ownership through the concession of the Three Fs, the 1881 legislation meant that the position of Irish landlords became even more untenable.<sup>157</sup>

The impact of the judicial rent review process was extremely painful for landlords. Bailey calculated that 457,368, first term rents were set by the courts in the period up to 31 March 1916 and that the average reduction across the country was 20.7 per cent. In addition, a further 164,291 second term cases were dealt with, in the same time period, and the average reduction was 19.3 per cent. Only 5,007 third term rents were adjudicated on by March 1916 and these showed an average reduction of 9.2 per cent.<sup>158</sup> The mathematics of this meant that landlords, who had been through three judicial rent reviews, had to absorb an overall reduction of 41.6 per cent in

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<sup>156</sup> *Hansard* 4, cxx, 184 (25 Mar. 1903).

<sup>157</sup> Land law (Ireland) Act 1881

<sup>158</sup> William Frederick Bailey, *The Irish land acts. A short sketch of their history and development* (Dublin, 1917), p. 20.

their rental incomes from their 1881 levels. Few if any businesses could absorb this level of reduction in their income and landlords were no exception.

To illustrate the predicament landlords found themselves in as a result of the judicial rent provisions of the 1881 Act, this study has taken as a starting point the research undertaken by Vaughan in his *Landlords and tenants in mid-Victorian Ireland* in relation to the expenditure on nine estates and as presented in Appendix 18 of that work. Vaughan based his research on family papers relating to nine estates between the years 1850 and 1880. He expressed expenditure as a percentage of rental income. Taking Vaughan's average expenditure figure for the period 1850-1880, and assuming them to be fixed this study then offset them against judicial rent figures based on W.F. Bailey's estimates set out above, thus making it possible to calculate a projected profitability for each estate over a forty-five-year period (three, fifteen-year rent terms). The results of this exercise are set out in Appendix 1.1. The situation is best explained by looking at the example of the Clonbrock estate, extracted from Appendix 1.1.

**Table 1.8. Projected impact of judicial rent reductions on Clonbrock estate 1880-1910**

<b>Estate</b>	<b>Description</b>	<b>1851-80 Average</b>	<b>First-term Rent Reduction 20.70%</b>	<b>Second - term rent reduction 19.30%</b>	<b>Third- term Rent Reduction 9.20%</b>
		<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Clonbrock	Rents	100.0	79.3	64.0	58.1
	Taxes	-16.0	-16.0	-16.0	-16.0
	Management	-5.0	-5.0	-5.0	-5.0
	Improvements	-11.0	-11.0	-11.0	-11.0
	Interest	-2.0	-2.0	-2.0	-2.0
	House costs	-16.0	-16.0	-16.0	-16.0
	Total costs	-50.0	-50.0	-50.0	-50.0
Profit	50.0	29.3	14.0	8.1	

*Source:* This table is an extract taken from Appendix 1.1. The assumptions underpinning the data are set out more fully in the appendix.

In the case of the Clonbrock estate, the figures show how the profitability of a significant, well-run and little encumbered estate would have been seriously undermined by the workings of the judicial rent system. Landlord reaction to declining profitability would have involved cutbacks in estate improvements and household expenses. If an estate such as that of Lord Clonbrock's, could suffer in this way it is not difficult to understand how highly encumbered and less well managed estates would have fared.

In terms of understanding the relationship between farm produce prices and estate rentals Figure 1.2 is instructive. It demonstrates that the two are almost perfectly correlated to the rent phases referred to in this section. From the highs of the Napoleonic wars period (phase 1), through the fall-off in the post war period (phase 2), the precipitous fall as a result of the famine (phase 3) followed by the increases experienced in the 1850-1879 period (phase 4) and the declines in the post 1880 period brought on by the Great Agricultural Depression (phase 5). It demonstrates how regardless to the political and other interventions, the fortunes of landlords and indeed their tenants are linked to economic forces more than any other influence. In a situation where input costs such as labour and interest charges at best remained static and post the 1850s-productivity levelled off, there were only a limited number of options available to farmers including getting out of farming, changing from tillage to pasture and seeking significant rent reductions, or better still from a tenants' perspective, not paying rent at all.<sup>159</sup> The options for landlords were even fewer.

If declining incomes and mounting debts were not sufficient challenges to deal with, there were also a number of developments in the wider environment that were having an impact on the already difficult financial lives of Irish landlords. Chief among these was the British governments changing taxation policies.

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<sup>159</sup> Thomas Barrington, 'A review of Irish agricultural prices' in *Journal of the Statistical and Social Inquiry Society of Ireland*, Vol. xiv, No. 4 (1925-1927), p. 255.



## 1.6: Taxation policy

At the start of the nineteenth century taxation was not really an issue for Irish landlords. Income tax when temporarily introduced in 1799 to fund the war effort did not apply to Ireland. What quasi taxes that did exist such as tithes, county cess and Poor Law rates from 1838, were largely levied on the occupiers of land rather than the owners. While this situation changed somewhat from the late 1830s whereby landlords gradually became liable for the collection and payment of these taxes, and even after the introduction of income tax to Ireland in 1853, tax was still not a major issue.

It was however with the introduction of death duties in 1894 that tax began to impinge on the lives or more appropriately the deaths of Irish landlords. Income tax was dependent on the variability of income and thus could be discharged from same. Death duties on the other hand were payable on the capital value of an often illiquid and indivisible asset. Its imposition, on asset rich but cash poor, landowning families spelt disaster and led in many instances to the sale of large parts of estates both in Britain and Ireland. The introduction of death duties was to quote Cannadine ‘the first deliberate attempt to tax landed wealth.’<sup>160</sup> Quite apart from the financial consequences for landlords of its introduction it signalled in a very clear and unambiguous way that the political order had changed.

Succession duties which were in effect death or estate duties had been introduced by Gladstone in 1853 by means of the Succession Duty Act. This act imposed duties for the first time on the death of the owner of certain assets. The tax was paid by the beneficiary and the rate payable depended firstly on the value of the benefit received and secondly on the relationship between the beneficiary and the deceased person as provided for by section 10 of the Act.<sup>161</sup>

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<sup>160</sup> Cannadine, *The decline and fall*, p. 69.

<sup>161</sup> *An Act for granting to Her Majesty duties on succession to property, and for altering certain provisions of the Acts charging duties on legacies and shares of personal estates, enacted 4<sup>th</sup> August 1853 herein after referred to as the Succession Duty Act 1853.*

**Table 1.9. Succession duty rates - Section 10 of the Succession Duty Act 1853**

<b>Relationship between the Successor and Predecessor</b>	<b>Rate of Duty Per cent</b>
Son, daughter, grandchild, grandparent	1.00%
Brother, sister or descendant thereof	3.00%
Uncle, aunt or first cousin	5.00%
Uncle, aunts once removed or second cousins	6.00%
No blood or marriage relationship	10.00%

*Source: An Act for granting to Her Majesty duties on succession to property, and for altering certain provisions of the Acts charging duties on legacies and shares of personal estates, HC, 4 August 1853.*

While the act covered both types of property i.e. real and personal, the act's provisions meant that real property was excluded from a liability for succession duty. This effectively meant that where a person inherited land subject to him or her taking a life interest or a reversion was not liable to pay the duty. Given most landed estates were subject to life interests or reversions it essentially exempted land from succession duty. On the basis that real property represented the vast bulk of landowners' estates it meant they were largely outside the scope of the tax whereas merchant and other wealthy professional classes, whose property was of a personal variety, were liable. This was to change as a result of the extensive changes made to Death Duties in terms of their application and scope, by the Finance Act 1894.

Apart from bringing real property within the remit for tax, the 1894 Act contained several other important measures that were to make death duties pernicious as regards to the financial health of landowners. The first provision was that property was to be valued at effectively its open market value (O.M.V.).<sup>162</sup> Prior to this, real property was taxed based on a multiple of the annual rent received. Thus, if a family farmed a large estate and did not pay rent it had no liability to death duties. The

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<sup>162</sup> Open market value (O.M.V.) is an estimate of the likely price that an asset will realise if sold in a competitive market where there is a willing seller and a willing buyer. In the absence of an actual sale the value is usually estimated by a valuation expert.

Finance Act 1894 assessed the land on its open market value regardless to the passing rent.

The second was that the relationship provisions were removed in that the rate of tax payable was no longer dependent on the relationship between the deceased and the beneficiary as provided for in the 1853 Act. Under the Finance Act 1894, the same death duty was paid by an eldest son inheriting as would be paid by a total stranger. Another important feature introduced was the principle of graduation. Graduation meant that the rate of estate duty payable would vary depending on the value of the asset inherited. Recognising the difficulties posed on those estates made up of illiquid assets such as land the executors could make an application under Section 6(8) of the act to pay the duty over an eight-year period by annual equal instalments or sixteen half yearly equal instalments. Failing this the duty was payable six months after the death [S.6(7)].

**Table 1.10. Schedule of estate (death) duties introduced in the 1894 Act**

<b>Where the principal value of the estate</b>	<b>Estate Duty paid at the rate of</b>
<b>£</b>	
Exceeds - 100 and does not exceed 500	1.0 per cent
Exceeds - 500 and does not exceed 1,000	2.0 per cent
Exceeds - 1,000 and does not exceed 10,000	3.0 per cent
Exceeds - 10,000 and does not exceed 25,000	4.0 per cent
Exceeds - 25,000 and does not exceed 50,000	4.5 per cent
Exceeds - 50,000 and does not exceed 75,000	5.0 per cent
Exceeds - 75,000 and does not exceed 100,000	5.5 per cent
Exceeds - 100,000 and does not exceed 150,000	6.0 per cent
Exceeds - 150,000 and does not exceed 250,000	6.5 per cent
Exceeds - 250,000 and does not exceed 500,000	7.0 per cent
Exceeds - 500,000 and does not exceed 1,000,000	7.5 per cent
Exceeds - 1,000,000	8.0 per cent

*Source:* Section 17 of An Act to grant certain duties of customs and Inland Revenue, to alter other duties and to amend the law relating to customs and Inland Revenue, and to make other provision for the financial arrangements of the year. HC 31 July 1894.

Following on from the Finance Act 1894 successive governments sought to increase the revenue from this source by increasing the rates of duty. Notably, David Lloyd George when chancellor, saw death duties as a means of attacking the landed classes whom he despised.<sup>163</sup> His famous 1909 Peoples Budget increased the rates of duty significantly, for example he increased the duty on estates of over £1 million from 8.0 per cent to 15.0 per cent while at the same time introducing a range of additional duties on land such as increment value duty (20 per cent), reversionary duty (10 per cent), undeveloped land duty (1/2d in £1 annual charge) and mineral rights duty (5 per cent).<sup>164</sup> By 1919, the top rate of duty had risen to 40 per cent and by 1939 it was levied at 60 per cent. To make matters more difficult for taxpayers the Inland Revenue would not accept land in specie as payment for the duty owed.<sup>165</sup> Thus, trustees were forced to sell land to discharge the liability, oftentimes in periods where land prices were severely depressed or were forced to borrow.

Byron Dexter, writing in *Foreign Affairs Journal* described the introduction of estate duties in the following terms ‘Harcourt’s tax completed the destruction of the economic base of the old ruling class’ and emphasised that the measures had ‘Brought a formal end to the privileged position of the British landed aristocracy.’<sup>166</sup> The impact of their introduction was not lost on popular culture of the day as evidenced by Oscar Wilde’s play *The importance of being earnest* which premiered in London on St Valentine’s day 1895, just ten months after the introduction of estate duties. In one scene Lady Bracknell laments;

What between the duties expected of one during one’s lifetime, and the duties exacted from one after one’s death, land has ceased to be either a profit or a pleasure. It gives one a position, and prevents one from keeping it up. That’s all that can be said about land.<sup>167</sup>

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<sup>163</sup> Speaking at Limehouse, Manchester, Lloyd George said, ‘Who made ten thousand people owners of the soil, and the rest of us trespassers in the land of our birth?’ cited in Ian Packer, *Lloyd George* (London, 1998), p. 26.

<sup>164</sup> Finance (1909-10) Act 1910,

<sup>165</sup> In the above context, the term *in specie* refers to a situation where the Inland Revenue would, in settlement of a liability of, for example, £10,000 owing to them in respect of Death Duties, accept a parcel of land worth this amount in satisfaction of the debt. The 1894 Act specified that no *in specie* payments would be accepted in payment of a liability.

<sup>166</sup> Byron Dexter, ‘The conservative approach to politics’ in *Foreign Affairs* (April 1949) pp 44-69

<sup>167</sup> Oscar Wilde, *The Importance of being earnest* (London, 2013), act 1, line 510, p. 68.

Tax in all its guises but particularly Death Duties played an important part in undermining the financial health of the landed classes. The weakening of their political power as the nineteenth century progressed was underscored by there being drawn further and further into the tax net. The illiquid nature of their primary asset meant that the breakup of their holdings was inevitable. In that context, it is perhaps not unfair to conclude that measures such as the 1894 Finance Act was a clear example of where taxation would henceforth be used as an instrument of social policy in a society that placed little value on landlords.

### **1.7: Conclusion**

The themes and trends identified in this chapter, both in terms of individual landlord behaviours and those in the wider external environment, were the primary reasons for their decline and ultimate demise. Politicised agrarian aggression such as that visited upon landlords by the Land League and the later Plan of Campaign did, of course, play a significant part particularly in encouraging the British government to bring forward land legislation that undermined landlords' rights and powers. While possibly unintended, the judicial rent review process introduced by the 1881 Act was fundamental in reducing their future incomes and dealt a fatal blow to landlordism in Ireland.

The demise of the Irish landed class should be viewed in a wider international context both politically and economically. The changes wrought by the seismic shifts in economic structures, initially as a consequence of the industrial revolution and subsequently by the emergence of new economic powers such as the United States, were both systemic and profound. The great tragedy for Ireland as a country was that those of the landed classes who held power for most of the nineteenth century were so inept and self-absorbed that they failed to grasp any opportunity to capitalise on these developments and instead, through incompetence and failure to take responsibility, condemned the country and its people to over a century of near economic paralysis and misery.

While part of a wider international context, the story of the Irish landed class is different than its British or European counterparts. This difference stems from two government interventions. The first, brought about by the orchestrated politicisation of the land issue, saw the British government intervene directly in the land tenure system through the enactment of a series of land measures from 1870 to 1895. These fundamentally altered property rights in favour of tenants and in so doing profoundly and irreversibly undermined the rights of landowners. The second intervention was the introduction of the Irish Land Act of 1903 by George Wyndham. This act provided Irish landlords with an opportunity to make a dignified and financially viable exit from landlordism. It is with this act and its financial implications for landlords that the rest of this thesis is concerned.

## Chapter 2: George Wyndham and the Irish Land Act, 1903<sup>1</sup>

### 2.1: Introduction

Commencing in 1870 successive British governments enacted a series of land acts that were to have a profound effect on Irish landlord-tenant relations. These pieces of legislation can be classified under two broad headings, namely those dealing with landlord-tenant relations and land purchase acts. The acts of 1870 and 1881 (Gladstone Act) fell under the heading of landlord-tenant relations in that they sought to regulate the two parties interacted and their respective rights. The 1870 Act, which provided limited compensation to tenants for both disturbance suffered and redress for improvements made to holdings in the event of being forced to quit a tenancy.<sup>2</sup> The act largely failed due to vagueness in its interpretation and administrative and legal difficulty in its application. It's significance however rested in that it marked the beginning of a new era land relations in Ireland.<sup>3</sup>

The 1881 land act (Gladstone Act) was to have a more profound effect on landlords than the 1870 Act.<sup>4</sup> In giving legal standing to the 'Three Fs', free sale, fixity of tenure and fair rent, it effectively introduced the concept of 'dual ownership' into Irish land relations. The act's judicial rent provisions were to have an enormously detrimental impact on the financial lives of landlords over the next twenty-two years up to the enactment of the Wyndham Act.

Land acts in 1885 (Ashbourne Act) and 1891 and 1896 (Balfour Acts) were primarily introduced to provide finance to tenants to purchase their holdings.<sup>5</sup> While successful in facilitating transactions, they were both limited in the finance made available and the conditions attaching to them to have any significant effect on

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<sup>1</sup> Irish Land Act, 1903 [3 Ed. VII, c. 37] (14 Aug. 1903). Hereinafter referred to as The Wyndham Land Act or the Wyndham Act.

<sup>2</sup> Landlord and Tenant (Ireland) Act 1870 [33 & 34 Vict. c.46] (1 Aug. 1870).

<sup>3</sup> William Frederick Bailey, *The Irish land acts. A short sketch of their history and development* (Dublin, 1917), p. 18.

<sup>4</sup> Land Law (Ireland) Act 1881 [44 & 45 Vict. c. 49] (18 Aug. 1881).

<sup>5</sup> Purchase of Land (Ireland) Act 1885 [48 & 49 Vict. c. 73] (14 Aug. 1885). Purchase of Land (Ireland) Act 1891 [54 & 55 Vict. c. 48] (5 Aug. 1891). Land Law (Ireland) Act, 1896 [59 & 60 Vict. c. 25] (15 Aug. 1896).

overall land ownership structures. This would not come about until Wyndham's great initiative in 1903.

This chapter explores the reasons why the Wyndham Land Act 1903 was introduced and why it took the form it did. It examines Wyndham's personal motivations in bringing the legislation and the part played by a number of key players such as Arthur Balfour, the Treasury, the various landlord and tenants representative groups and Irish newspapers.

The chapter examines aspects of George Wyndham's background and personality that might explain his approach to the issue of Irish land reform and in particular the importance of his relationship with his political mentor and patron, Arthur Balfour. In exploring the influences underpinning the genesis of the act it seeks to provide clarity to the confusion that surrounds the act's introduction. The section also highlights the importance of the lessons learned from the failed 1902 Land Bill and how these influenced Wyndham's plans for his 1903 equivalent.

The 1902 Land Conference played a significant part in preparing the ground for the introduction of the 1903 Bill, as did the appointment of Anthony MacDonnell as under-secretary, and these developments are investigated and evaluated as is the little-known commissioning of a report prepared by William Bailey into the situation on those estates where land sales were made under previous land acts.

The chapter draws heavily on the Balfour papers held in the British Library for correspondence between Wyndham and Balfour, contemporary newspapers, personal memoirs and records of parliamentary debates to provide background and context.

## **2.2: George Wyndham**

George Wyndham was born in London in 1863, the eldest son of Percy Scawen Wyndham and Madeline Eden (nee Campbell). He was the second eldest in a family of three daughters and two sons. The Wyndhams were a landed gentry family with



origins dating back into the middle ages. Wyndham's father was a landowner and a Conservative M.P. for West Cumberland for twenty-five years, having succeeded his uncle, Sir Henry Wyndham in 1860.<sup>6</sup>

Wyndham had ancestral connections to Ireland on both his mother's and his father's side. His father was the second son of Lord Leconfield who owned extensive estates in Co. Clare (37,292 acres, rateable valuation £15,699) and Co. Limerick (6,629 acres, rateable valuation £4,820).<sup>7</sup> His mother was the daughter of Sir Guy Campbell and Pamela FitzGerald who was the grand-daughter of Lord Edward Fitzgerald, the rebel leader of the 1798 rebellion. His uncle, Richard Bourke, 6<sup>th</sup> earl of Mayo was three times chief secretary for Ireland and viceroy of India from 1869 until his assassination in 1872 in the Andaman Islands.<sup>8</sup> The 7<sup>th</sup> earl of Mayo, Dermot Robert Wyndham Burke, was Wyndham's first cousin. He held estates in Co. Kildare and Co. Meath and became one of the four landlord representatives at the 1902 Irish Land Conference.<sup>9</sup> Wyndham was related to Windham Thomas Wyndham-Quin, the 4<sup>th</sup> earl of Dunraven who also was a landlord representative at the 1902 Conference.

George Wyndham was as a child a precocious talent. Indulged by his parents he was said to be 'a beautiful young man' who 'Even in his teens was treated like a genius.' and '... was said to be the most gifted young man of his generation.'<sup>10</sup> Wyndham's first schooling was under the supervision of the Rev. C.G. Chittenden (1874-77) who also taught Arthur Balfour who was fifteen years his senior. Following the family tradition, he went to Eton (1877-80) and Sandhurst Military college (1881-84). On leaving Sandhurst he joined the 16<sup>th</sup> Lancers before joining his father's old regiment, the Coldstream Guards. He saw active service in Egypt and the Sudan.<sup>11</sup>

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<sup>6</sup> John Biggs Davison, *George Wyndham, A study in Toryism* (London, 1951), p. 8.

<sup>7</sup> *Return of owners of land of one acre and upwards in the several counties, counties of cities, and counties of town in Ireland* (Baltimore, 1988), pp 111,150.

<sup>8</sup> W.W. Hunter, *The life of the Earl of Mayo – Fourth Viceroy of India* (London, 1876), i, p. 221.

<sup>9</sup> Alvin Jackson, 'Wyndham, George' in *Oxford Dictionary of National Biography*, <http://www.oxforddnb.com.proxy.nuim.ie/view/article/37052> accessed 13 Apr. 2017.

<sup>10</sup> Jane Ridley and Clayre Percy (eds), *The letters of Arthur Balfour and Lady Elcho, 1885-1917* (London, 1992), p. 12.

<sup>11</sup> Patrick Maume, 'Wyndham, George' in *Dictionary of Irish biography* (Cambridge, 2009), Vol. 9, p.1063.

In 1887, he married Sibell Mary, the Countess of Grosvenor who was daughter of the 9<sup>th</sup> earl of Scarborough and the widow of Victor Alexander Grosvenor heir to the dukedom of Westminster. Sibell who was ten years older than Wyndham had three children from her first marriage, one of whom, Hugh Richard Arthur Grosvenor, became the 2<sup>nd</sup> duke of Westminster on his majority in 1899. As heir to the family fortune based on significant land holdings in central London, Bendor Grosvenor, as he was known, was one of the wealthiest men in the world. The couple had one son of their own, Percy who was killed in action in France in 1914.

Wyndham's parents were members of a group known as the Souls. The group which came into being around 1885 consisted mainly of aristocratic intellectuals and art lovers like the Wyndhams and others such as Arthur Balfour, Margot Asquith, Hugo Charteris, Lord Curzon and Alfred Lyttelton.<sup>12</sup> Wyndham and his four siblings became prominent members of this coterie and as a result George's relationship with Arthur Balfour flourished. Indicative of the strength of the networks that developed from this grouping was that four of Balfour's cabinet in 1903 were Souls: Balfour himself, George Wyndham, St John Brodrick and Alfred Lyttelton.<sup>13</sup> So it was that while on his honeymoon in 1887, George Wyndham received a letter from Arthur Balfour, the newly appointed chief secretary for Ireland, asking him to become his private secretary, a position which Wyndham was delighted to accept given the fact that he 'hero worshiped' Balfour and was 'mesmerised by him'.<sup>14</sup> Thus began Wyndham's relationship with Ireland.

As secretary to Balfour, Wyndham was involved in counteracting the Plan of Campaign of the late 1880s. T.P. O'Connor described Wyndham's role as '...[he] writes his most impudent letters, concocts his most unreliable statistics, and generally outdoes his chief for ... impudence and vulgarity.'<sup>15</sup> In 1889 he commenced his parliamentary career when at the age of twenty-six he was elected M.P. for Dover. Working as Balfour's unofficial cabinet secretary for most of the

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<sup>12</sup> Angela Lambert, *Unquiet Souls: The Indian summer of the British aristocracy, 1880-1918* (London, 1984), pp 87-94.

<sup>13</sup> Jane Ridley and Clayre Percy (eds), *The letters of Arthur Balfour and Lady Elcho, 1885-1917* (London, 1992), p. 197.

<sup>14</sup> *Ibid*, p. 35.

<sup>15</sup> Patrick Maume, 'Wyndham, George' in *DIB*, p. 1063.

1890s he received his first ministerial office when he was appointed by Balfour's uncle, Lord Salisbury, as under-secretary for war in 1898. Because the secretary for war, the marquess of Lansdowne, sat in the Lords this allowed Wyndham significant profile, as he dealt with all war related matters in the Commons. In 1900, he was appointed chief secretary for Ireland and in 1902, following the appointment of Balfour as prime minister, was given a seat at cabinet.<sup>16</sup>

As a man, Wyndham was a complex figure. His biographers portray him as an urbane, and romantic character, as someone with aesthetic tastes, a lover of literature and music and a product of the best of British aristocracy and nobility.<sup>17</sup> To others he was a 'sentimentalist who hasn't the hard sense to do strong things' with 'no settled convictions'.<sup>18</sup> He was an aristocrat who felt gentlemen of his class were fit by education and habits to rule the state and by so doing would provide a model that middleclass men could emulate.<sup>19</sup> Even his friend Wilfred Scawen Blunt described him as 'George represents all that is most brutal in modern English politics and it marks the decline of the higher traditions to find one like him proclaiming and defending it.'<sup>20</sup> Arthur Lee gave an insight into how he was regarded by his fellow politicians: '... the rank and file [of the party] had never cottoned to his dandified and over-polished parliamentary manners, which led one old Tory member to mutter in my hearing after one of Wyndham's Burke-conscious perorations, 'damn that fellow, he pirouettes like a dancing master'<sup>21</sup>

While Wyndham may not have held the affections of the ordinary members of the party he did of its two most senior members the prime minister and the chancellor of

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<sup>16</sup> *The Times*, 9 Aug. 1902.

<sup>17</sup> This image emerges from a number of biographical works such as John Biggs-Davidson, *George Wyndham, A study in Toryism*, (London, 1951) and in particular Charles T. Gatty, *George Wyndham – Recognita* (London, 1917).

<sup>18</sup> Letter to Mary Curzon in J.W. Mackail and Guy. Wyndham (eds), *Life and letters of George Wyndham*, (New York, 1977), vol, i, p. 151. and Almeric Fitzroy, *Memoirs*, (2 vols, London, n.d.), I, p. 243.

<sup>19</sup> Nancy W. Ellenberger, 'Constructing George Wyndham: Narratives of aristocratic masculinity in Fin-de-Siècle England', in *Journal of British Studies*, vol. 39, no. 4 (Oct. 2000), p. 490.

<sup>20</sup> Elizabeth Longford, *A pilgrimage of passion: the life of Wilfred Scawen Blunt* (London, 1979), pp 343-4.

<sup>21</sup> Arthur Hamilton Lee, *A good innings: the private papers of Viscount Lee of Fareham* (London, 1974), pp 128-9.

the exchequer and these would be critical in his attempts to move forward his legislative proposals.

### **2.3: The genesis of the Wyndham Land Act**

In historiography, the genesis and timing of the Irish Land Act 1903 has been clouded in confusion, with historians attributing its enactment to various factors. Pomfret (1930) saw the act as the result of a combination of circumstances, ‘the most sympathetic and understanding of Irish chief secretaries [Wyndham] and who with Redmond and Plunkett ushered in a new era in Ireland’, ‘[The Conference] effect on public opinion of all kinds’, the ‘miracle that had been performed in Ireland’ referring to the bringing about of agreement between unionist and nationalists on the issue of land reform and the support of Arthur Balfour for the measure.<sup>22</sup> F.S.L. Lyons (1963) saw the Wyndham Act as part of a government policy that ‘moved inexorably towards the ending of landlordism’.<sup>23</sup> While stating that the 1902 Land Conference, ‘formed the basis of the Land Act that Wyndham triumphantly passed through parliament’, he also saw the act as being built on ‘the edifice of constructive unionism’<sup>24</sup> In a separate work he stated that the act ‘represented the climax of what might be called ‘constructive unionism’.<sup>25</sup> Furthermore, Lyons speculated that the cultural renaissance movement of people such as Shawe-Taylor, Horace Plunkett, George Russell, Betty Balfour, and orchestrated by Lady Gregory, contributed significantly to the creation of an environment suitable for the act’s passing.<sup>26</sup> Cannadine (1990) who disagreed with this latter claim, also noted the role of Shawe-Taylor in driving the Land Conference ‘the results [of which] were embodied into the Wyndham land Act of 1903.’<sup>27</sup>

Bew (1987) saw the act in the context of ‘war weariness’ by both sides in the land conflict and the Land Conference as an attempt by landlords ‘to launch a conciliatory

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<sup>22</sup> John E. Pomfret, *The struggle for land in Ireland, 1800-1923* (New York, 1930), pp 276-291.

<sup>23</sup> Lyons, F.S.L., *Ireland since the famine* (London,1973), p.80.

<sup>24</sup> *Ibid.*, pp 218-219.

<sup>25</sup> F.S.L. Lyons, ‘The aftermath of Parnell, 1891-1903’ in W.E. Vaughan (ed), *A new history of Ireland, vi: Ireland under the Union, 1870-1921* (Oxford, 2010), p. 97.

<sup>26</sup> Lyons, *Ireland since the famine*, pp 233-4.

<sup>27</sup> Cannadine, *The decline and fall of the British aristocracy*, p. 478.

initiative' This war weariness was not brought about by agitation but 'by the automatic action of recurring litigation.' Like Lyons, Bew also saw the legislation as part of the process of constructive unionism. Bew also expressed the view that Wyndham's 'extravagant and ambitious personality ... could not resist the opportunity to give constructive unionism a more radical tinge'<sup>28</sup> A somewhat similar motivation was ascribed to Wyndham by Gaily (1987) when he referred to 'Wyndham's opportunistic manipulation of Irish politics'.<sup>29</sup> While not devoting too much attention to the act, Foster (1988) saw the Wyndham Act as part of a process that began 'in the upheavals of 1879-82' and climaxed in 1903.<sup>30</sup> Bull (1996), while seeing the unanimity that emerged from the Land Conference as important, laid emphasis on the fact that the Wyndham Act 'in all aspects, must not be seen as an isolated piece of legislation.,' but rather as a 'cumulative outcome of a whole series of legislative actions dating back to at least 1870.' Bull also saw Wyndham's measure in more high politics terms in that he considered the agreement between landlords and tenants manifested through the Land Conference as part of 'transformation from a colonised to a self-managing polity, from a pre-modern to a capitalist agricultural system'.<sup>31</sup> Dooley (2001) saw the legislation being influenced greatly by the report of the Land Conference in that it laid down a basis which would enable landlords to sell and tenants to buy their holdings.<sup>32</sup>

A different reason for Wyndham's drive to enact the legislation is put forward by Campbell (2005). Based on a study of the United Irish League (U.I.L.) activities, particularly in Co. Galway but also further afield, Campbell argued that Wyndham's hand was forced: 'the introduction of the Act needs to be explained in the context of U.I.L.'s agitation for compulsory land purchase; and the effect which that agitation had on the government, the Irish landlords and Captain John Shawe-Taylor.'<sup>33</sup> While agreeing the validity of Campbell's claim regarding U.I.L. agitation Cosgrove (2008) also gave prominence to the part played by T.W. Russell's campaign for compulsory

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<sup>28</sup> Bew, *Conflict and conciliation in Ireland 1890-1910*, pp 96-100.

<sup>29</sup> Andrew Gaily, *Ireland and the death of kindness: the experience of constructive unionism, 1890-1905* (Cork, 1987), p. 192.

<sup>30</sup> R. F. Foster, *Modern Ireland 1600-1972* (London, 1988), p. 414.

<sup>31</sup> Bull, *Land, politics & nationalism*, pp 152-5.

<sup>32</sup> Dooley, *The decline of the big house*, p. 113.

<sup>33</sup> Fergus Campbell, 'Irish popular politics and the making of the Wyndham Land Act, 1901-1903' in *The Historical Journal*, vol. 45 (Dec. 2002), p. 773.

purchase in Ulster as a major factor on the timing and form of Wyndham's introduction of his legislation.<sup>34</sup> Credibility is given to these arguments by a contemporary article by Bastable who stated in 1903: 'Two influences were, however, of peculiar importance in hastening on the act of 1903. One was the strong movement in favour of compulsory purchase initiated by Mr. T. W. Russell, and supported by the Protestant and Unionist farmers of the North. Another was the increasing difficulty experienced in keeping up the agitation connected with the Irish party's policy.'<sup>35</sup>

The existence of such divergent views from historians might be explained by reference to the timescales being looked at and the contexts involved, be they high or more grassroot politics perspectives. In a broader context, the Wyndham Act, was as suggested by Lyons, Bew, Bull and Foster, part of a wider process of constructive unionism initiated by Gladstone in the 1870s and designed to pacify Ireland and ensure that it remained a loyal part of the empire. This argument is valid but one that this study regards as providing more context than actual motivation. John Biggs Davidson, one of Wyndham's biographers, maintained that 'Wyndham's plan was a means of euthanasia for Home Rule.'<sup>36</sup> Support for such a view comes from Alvin Jackson who cites John Dillon as advising an American politician 'If this Act (of 1903) is allowed to work ... there will be an end to the national movement before 12 months are over.'<sup>37</sup>

The confluence of circumstances, including the nature of Wyndham's ambitious personality advanced by Pomfret, Bew and Gaily, is true in a more medium-term timescale perspective. The issue of agitation put forward by Campbell and Cosgrove has in the opinion of this study more to do with timing than the more substantive issue of its form. That such diversity exists is not surprising, particularly in the light of what Wyndham himself had to say in relation to his motivations in bringing the legislation forward, much of which will be evident in the remainder of this chapter.

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<sup>34</sup> Patrick Cosgrove, 'The Wyndham Land Act, 1903: The final solution to the Irish land question?' (Ph.D. thesis, N.U.I. Maynooth, 2008) p. 11.

<sup>35</sup> C.F. Bastable, 'The Irish land purchase act of 1903', in *The Quarterly Journal of Economics*, vol. 18, no. 1, (Nov.1903), p. 5.

<sup>36</sup> Biggs Davidson, *George Wyndham*, p. 132.

<sup>37</sup> Alvin Jackson, *Ireland 1798-1998*, p. 153.

Based on the research undertaken and a wide range of sources examined this study has come to its own conclusions as to what Wyndham's motivations were in introducing the act and why it took the form it did, and these will be explored further.

#### **2.4: Wyndham as chief secretary**

In taking up his appointment as chief secretary in 1900 Wyndham could have been forgiven for believing that his political career was on a fast-upward path, repeating that of a number of his predecessors in the post such as Arthur Wellesley, Robert Peel and Arthur Balfour, all whom became prime minister.

As early as February 1890, when George Wyndham made his maiden speech in parliament, it was clear that he had an in-depth knowledge and understanding of the intricacies and subtleties of Irish land legislation. In a detailed response to William O'Brien, the debutant member displayed such ability and intimacy with the subject that an opposition member, Sir Joseph Pease (Liberal) declared:

I think I may be allowed to congratulate the hon. Gentleman who has just sat down on the able manner in which he has addressed the House in a maiden speech. I trust that there will ever exist in this House that feeling of *esprit de corps* which enables us to congratulate hon Gentlemen, especially those young of years, who on their entrance to this House give so abundant a promise of becoming valuable additions to its debating power.'<sup>38</sup>

Wyndham's knowledge of the Irish land question was greatly enhanced by his period as private secretary to Arthur Balfour, the chief secretary for Ireland (1887-1891). When in October 1900 Balfour as Leader of the House was looking to appoint his own chief secretary, he showed little hesitation in appointing Wyndham to the position. Wyndham and Balfour had remained close friends as the copious correspondence between the two indicates.<sup>39</sup> Wyndham saw Balfour as his mentor

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<sup>38</sup> *Hansard* 3, cccxli, 492 (17 Feb. 1890).

<sup>39</sup> The friendship between Arthur Balfour and George Wyndham appears to have developed through familial connections. Biggs Davidson, Wyndham's biographer, makes references to Balfour attending Wyndham family gatherings prior to his appointing George as his private secretary in 1887 when George was twenty-four. The two had much in common. Both

and sought his advice on a range of matters both professional and personal.<sup>40</sup> Indeed it was a two-way process in that Balfour sought Wyndham's advice on such diverse matters as the appointment of a poet laureate and the political situation in South Africa.<sup>41</sup> <sup>42</sup> It is clear also from correspondence that the two communicated on a private and confidential basis. For example, in a briefing document while chief secretary, Wyndham wrote with reference to Cadogan and Ashbourne's proposals, 'Before touching on the merits I should like to give you and you only the life history of this letter.'<sup>43</sup> Wyndham knew he was on relatively safe ground in this regard as Balfour disliked lord Ashbourne intensely. Referring to him, Balfour stated: 'There is one Irishman whose tongue I am afraid of and that is Ashbourne. I had rather carry on serious business in the middle of a Manchester cotton mill than within reach of that man's voice!'<sup>44</sup> This relationship with Balfour and indeed those with the chancellors of the exchequer, Sir Michael Hicks Beach and in particular his successor Charles Ritchie, were to prove very valuable in soliciting support for his land bills of 1902 and 1903.

In 1900, Ireland was of crucial importance to the British Empire. For an empire that was in the process of spending £250 million and expending 30,000 lives in defending its interests in South Africa the prospect of further disintegration would have had profound consequences. John Biggs Davidson summarised the situation well when he wrote: 'The World was becoming a dangerous place for the richest of Empires, and the benevolence of Ireland was as necessary to Great Britain as was that of France.'<sup>45</sup> Similarly, writing about the period shortly after he became chief secretary for Ireland, Wyndham stated: 'But Parliamentary power depended not upon

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attended Chittendon preparatory school and Eton albeit fifteen years apart. Both were members of the Synthetic Society and Balfour is believed to have had a forty-year relationship with Wyndham's older sister Lady Elcho.

<sup>40</sup> Ellenberger, *Constructing George Wyndham*, p. 487.

<sup>41</sup> Wyndham to Arthur Balfour, 28 Oct. 1895 (B.L., Arthur Balfour Papers, Add MS 48803/64).

<sup>42</sup> Wyndham to Arthur Balfour, 19 Sept. 1896 (B.L., Arthur Balfour Papers, Add MS 48803/70).

<sup>43</sup> Wyndham to Arthur Balfour, 13 Jan. 1901 (B.L., Arthur Balfour Papers, Add MS 48803/181).

<sup>44</sup> Jane Ridley and Clayre Percy (eds), *The letters of Arthur Balfour and Lady Elcho, 1885-1917* (London, 1992), p. 51.

<sup>45</sup> Biggs Davidson, *George Wyndham*, p. 114.



imperialism or social reform but upon the question of Ireland.<sup>46</sup> This was the environment into which George Wyndham became chief secretary for Ireland. While the factors identified by historians and discussed above all contributed to a greater or lesser extent to the shape, form and timing of its introduction, the Irish Land Act 1903, it can be argued that the legislation owes more to its originator, George Wyndham, than to any other set of circumstances that historiography has identified. In all probability land act legislation, would have continued along the lines of earlier measures but it was Wyndham's personal drive and ambition that saw the introduction of the expansive and expensive legislation that is known as the Wyndham Land Act. For Wyndham, this was an important step along the path of pacifying Ireland and in so doing enhancing his political reputation and positioning him to become a future prime minister. In November 1901, he told his brother Guy, 'I want to smash agitation, introduce the land bill, get money for harbour-fishing policy in the west and float a catholic university.'<sup>47</sup>

## **2.5: The Irish Land Bill 1902**

Historians have paid little attention to the 1902 Land Bill other than to say that it satisfied few and was wisely withdrawn by Wyndham when he realised that it had little support and was unlikely to be passed.<sup>48</sup> Even Wyndham's biographer John Biggs Davidson treats the subject tersely when concluding '[It was] first shot misfired. The Land Bill 1902 pleased nobody and was dropped. Wyndham proceeded to reload.'<sup>49</sup> While this may be a succinct reading it belies the insight that the preparation and the passage of the bill provided Wyndham with and how it helped him formulate the successful 1903 bill. It also afforded Wyndham an opportunity to gauge the reaction of parliamentarians and the wider Irish and British publics to the measures. From the correspondence between Wyndham and Balfour it is also evident that Wyndham's hand was forced with regard to the introduction of the 1902 Bill by internal Tory party politics and to a lesser extent by the U.I.L. land agitation campaign.

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<sup>46</sup> Ibid., p. 55.

<sup>47</sup> Patrick Maume, 'Wyndham, George' in *DIB*, p. 1064.

<sup>48</sup> Lyons, 'The aftermath of Parnell, 1891-1903', p. 95.

<sup>49</sup> Biggs Davidson, *George Wyndham*, pp 124-5.

Even prior to his formal swearing in as chief secretary, Wyndham set out his intentions to his prime minister. In a letter to Balfour dated 26 October 1900 he stated: 'Are we then to do nothing. In my opinion, subject to reflection, things must be done, not now but in the course of the next three years.'<sup>50</sup> In this letter he refers to the U.I.L. in the following way: 'Redmond discouraged it. Healy stabbed it. The priests fought it in the election. It won hands down.' He went on to categorise the attitude of unionists and nationalists to the land issue as 'The only material difference between Unionist and Nationalists is that the former want [to give] fair prices and the latter unfair prices to the landlords.' His assessment of the political situation in Ireland was encapsulated in the following paragraph: 'All, friends and foes, are strangely cut off from British sentiment. They believe that in spite of War taxation and Imperial politics, Ireland is going to bathe once more in the limelight.' In a rather gloomy summation, but one nonetheless that provides an insight into the social context of the time, he wrote. 'In a few years the small shopkeeper, the money lender, the village solicitor will buy out the crofter and the weary round will begin again.' To counteract such a development Wyndham included in his 1903 Bill a clause that a part of the annuity representing a one-eighth portion would remain in perpetuity and could not be repaid. The reason for this clause was to restrict the purchaser's ability to mortgage or sublet the property without the permission of the Land Commission and thus allow the State to maintain some control over the asset by exercising a veto. The effect of this provision was to prevent moneylenders seeking to gain control of the asset. It turned out to be one of the most hotly contested provisions in the bill and was withdrawn at the committee stage.<sup>51</sup> A noticeable feature of the correspondence between Wyndham and Balfour is the former's thinly veiled antipathy toward the lord lieutenant, Lord Cadogan, and to Lord Ashbourne the Irish lord chancellor. Until 1902, Wyndham was not a member of the cabinet whereas both Cadogan and Ashbourne were. This clearly placed him at a disadvantage in presenting his views and may well have contributed to his

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<sup>50</sup> Wyndham to Arthur Balfour, 26 Oct. 1900 (B.L., Arthur Balfour Papers, Add MS 49803/139).

<sup>51</sup> When introducing his 1903 Bill, Wyndham expressed concerns that based on experience on the Continent where government assisted land purchase schemes occurred that, 'the local moneylender had come on the scene and had been the person who has mainly benefitted' (*Hansard* 4, cxx, 194 (25 Mar 1903))

animosity towards the two peers. The fact that both gentlemen were working on land legislation at the same time as Wyndham without any semblance of cooperation would imply that there was political rivalry between the three British representatives in Ireland and no doubt this motivated Wyndham to push forward with his own measures. For instance, in a letter to Balfour on the 13 January 1901, just two months after his appointment as chief secretary, he stated: 'I have been working away at the land question ... meanwhile Cadogan and Ashbourne have been working also at the same problem.'<sup>52</sup> In another letter on the same date he stated: 'I argued and wrote (to Cadogan) again urging that I doubted if there would be time for legislation this year...'<sup>53</sup> In the same letter: 'I do not think we are ready for legislation, the House and press are not ready for it, the proposals of lords Cadogan and Ashbourne would throw away our sops to the landlords without increasing purchase appreciably.' As if to highlight the difficulties posed to Wyndham by not having a place at the cabinet table, Balfour on 18 January 1901, issued a thinly veiled rebuke to him for not keeping him informed when he wrote: 'I was slightly embarrassed at cabinet today over Irish matters, since Ashbourne and Cadogan were inclined to press their views you know of and I was not in a position to say anything from you.'<sup>54</sup>

Frustrations were very evident in a letter of 8 February 1901 when Wyndham advised Balfour that Cadogan had proposed a paragraph for inclusion in the king's speech to parliament referring to 'certain amendments of the law relating to the voluntary sale by landlords in Ireland to occupying tenants of their holdings.' He went on to argue that this approach would undermine hopes of bringing in 'untenanted lands' to [the] scheme. He advised Balfour if they subsequently had to bring untenanted lands into the legislation that this would be seen as a victory for Russell and O'Brien and the agitators. He signed off this letter with a postscript with the withering comment that 'Cadogan's proposed Bill is trifling and

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<sup>52</sup> Wyndham to Arthur Balfour, 13 Jan. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/151).

<sup>53</sup> Wyndham to Arthur Balfour, 13 Jan. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/179).

<sup>54</sup> Arthur Balfour to Wyndham, 18 Jan. 1901 (B.L., Arthur Balfour Papers, Add MS 49803).

impracticable.’<sup>55</sup> Matters between Britain’s representatives in Ireland continued strained as evidenced by a letter from Wyndham to Balfour regarding Cadogan’s reluctant approach to further land reform ‘Londonderry, Cadogan and Ashbourne seem to take the view that we should habitually sport the white feather in Ulster.’<sup>56</sup> This series of correspondence points to a difficult relationship and an intense political rivalry between Wyndham and Cadogan. It also demonstrates how close his relationship was with Balfour and how important this was for his political ambitions. It is arguable if a chief secretary, without such support from his prime minister, would have contemplated introducing such expansive and expensive legislation as the 1903 Irish Land Act.

The correspondence between the chief secretary and his prime minister is also interesting in terms of highlighting the tone and mood of the period. For instance, in a previously referred to letter from late 1900, Wyndham suggested that there is no great urgency regarding the introduction of land legislation and it should be looked at within three years (from October 1900) and that people are not yet ready for it at present (January 1901). By November 1901, however, he wrote to Balfour:

I cannot say too earnestly how necessary I feel it to be that the cabinet should decide on a comprehensive land policy and place me in a position to speak early in the session or sooner. Every day that I give to studying the question convinces me that we must accept the ‘*in globo*’ principle and announce it soon. It would be a great calamity not to come out with our policy until the agitation has gone further.<sup>57</sup>

Whether such a change of political tempo was brought about by U.I.L. agitation or political infighting in the Tory ranks or indeed Wyndham’s discovery of what he saw as the *in globo* principle is debatable.<sup>58</sup> What is clear however is that Wyndham had

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<sup>55</sup> Wyndham to Arthur Balfour, 8 Feb. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/215).

<sup>56</sup> Wyndham to Arthur Balfour, 8 Feb. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/225).

<sup>57</sup> Wyndham to Arthur Balfour, 2 Nov. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/232).

<sup>58</sup> The ‘*in globo*’ mechanism was a device which Wyndham put forward as a means of overcoming the bureaucratic difficulties of handling the sale of individual holdings by landlords to tenants. Up to the Wyndham Act transactions were made between landlords and individual tenants. Thus, if a landlord wanted to sell his estate to say 300 individual tenants he would have to get involved with 300 individual transactions with all the attendant legal and valuation costs. This was unquestionably a great block on land sales as the costs for

sufficient political influence to get his way but the haste was to reveal itself in terms of deficiencies in his 1902 Bill and its subsequent withdrawal.

The passage of the 1902 Bill through the house had two significant implications. For the historian, it provides significant insight into the logic underpinning the need for such legislation. Moreover, and more importantly for Wyndham and Balfour it showed the weaknesses and deficiencies that were present and which needed to be rectified in the successful 1903 Bill. This study would argue that without the 1902 Bill the Wyndham Land Act 1903 and the transformation of land ownership in Ireland would not have come to fruition.

In introducing the 1902 Bill, Wyndham made it clear that the *raison d'être* for the bill was to try and ensure that the needs of Ireland's principal industry, agriculture, were addressed in such a way that did not require significant expenditure in policing. In the opening lines of his speech to parliament on the 25 March 1902 he justified the bill's introduction in the following way:

Agriculture is the principal industry of Ireland, and that industry, whether for these or other reasons is both controlled and safeguarded by the State at an enormous cost to the taxpayer. The Irish Land Commission ... cost to the taxpayer £140,000 [per annum]. The Royal Irish Constabulary are largely engaged in protecting their liberty at an annual cost of £1,350,000. And yet, in spite of these precautions ... no one can reasonably be expected to be satisfied either with the present state or the future prospect of agriculture in Ireland. We cannot leave it alone. We cannot trust in what is called the free play of competition and contract.<sup>59</sup>

The 1902 Bill contained several important innovations that were to become integral to the 1903 Act. These included the payment of purchase consideration in cash rather than as heretofore, land bonds, the *in globo* purchase provision, the abolition of the 'decadal rent' system, a reduction in the annuity rate from 4 per cent to 3.75 per cent, a price settlement procedure and several other innovative measures. Such measures

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most landlords, particularly with many small holdings, was prohibitive. The 'in globo' provision meant that where three quarters of the tenants of an estate wished to purchase, the Land Commission would purchase the entire property from the landlord and then sell on the individual holdings to the tenants. See Irish Land Act, 1903, section 6 (2) for formal working arrangement for the *in globo* principle.

<sup>59</sup> *Hansard 4*, cv, 1032 (25 Mar. 1902).

will be discussed in more detail when reviewing the eventual 1903 Act. Despite these innovations, the bill did not win sufficient support in parliament and was withdrawn on 10 June during the committee stage.<sup>60</sup>

There were a number of reasons why the bill failed to attract support and an examination of these goes some way towards understanding why Wyndham went about preparing to introduce his 1903 Bill.

The first criticism was that the bill had been prepared without any consultation with the Irish political representatives. John Redmond in his contribution to the debate stated: ‘... the English gentleman who goes over from this country to govern Ireland prepares a great measure which is to settle this question, and he prepares it without consulting one single representative of the people whose very lives are at stake.’<sup>61</sup> Redmond was not alone in making this criticism and it is hard not to reach the conclusion that the Land Convention which presaged the 1903 Bill had its origins in these types of criticisms

A second objection put forward by Redmond related to the ‘Take it or leave it’ manner with which the bill was presented. Such an approach solicited a terse response from Redmond when he said: ‘he may take the bill back to Downing Street tonight’.<sup>62</sup> Another Irish M.P., William Delany, one of the founders of the U.I.L, had no compunction in labelling the measure as ‘a landlords Bill’, and he believed ‘the machinery embodied in it was quite inadequate.’<sup>63</sup> The bill was described by Dr Robert Ambrose, M.P. for Mayo West, as purely an exercise in ‘tinkering’.<sup>64</sup> Tim Healy described it as: ‘a limited Bill, and to some extent a small Bill’.<sup>65</sup> Emotively he termed the measures as a ‘bribe’ to landlords a term that would be used many times over when discussing the subsequent 1903 Bill.<sup>66</sup> More substantial objections were made that the bill failed to address the issue of compulsory purchase, evicted

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<sup>60</sup> Windham Thomas Wyndham-Quin Dunraven, *Past times and pastimes* (2 vols, London, 1921), ii, p. 3.

<sup>61</sup> *Hansard 4*, cv, 1058 (25 Mar. 1902).

<sup>62</sup> *Hansard 4*, cv, 1058 (25 Mar. 1902).

<sup>63</sup> *Hansard 4*, cv, 1085 (25 Mar. 1902).

<sup>64</sup> *Hansard 4*, cv, 1091 (25 Mar. 1902).

<sup>65</sup> *Hansard 4*, cv, 1062 (25 Mar. 1902).

<sup>66</sup> *Hansard 4*, cv, 1091 (25 Mar. 1902).

tenants, and the obdurate nature of the price fixing mechanisms to satisfy landlords with regard to price.

Writing nineteen years after the bill's withdrawal, lord Dunraven noted:

This bill was not a very great advance upon earlier Land Purchase Acts. It did not provide for the completion of purchase on anything like an adequate scale nor did it afford any remedy for the sufferings of evicted tenants. It did not recognise the pressing problems of the Irish Land system, and it was condemned by the United Irish League and the great majority of the people.<sup>67</sup>

The withdrawal of the bill represented a failure by Wyndham to recognise the political realities of the situation and to do the necessary ground work. Criticism can be made of Wyndham but a failure to learn from the situation would not be one of them. In drafting and, more particularly, preparing the political groundwork for his 1903 Bill, Wyndham took on board the lessons learned during the unsuccessful passage of the 1902 Bill through parliament. He saw the weaknesses and in particular Redmond's criticism that the bill had been introduced without any consultation with Irish representatives in parliament. Correcting this omission was to become a major feature in the preparation for what was to follow.

## **2.6: Laying the groundwork for the 1903 Land Bill**

It could be argued that Wyndham's biggest triumph with regard to the Irish Land Bill 1903 was that he managed to have it put before parliament in the first instance. The withdrawal of his 1902 Bill did not reflect well on him, or more importantly, his prime minister. Yet one year later, to the very day after the introduction of the aborted 1902 Bill, 25 March 1903, Wyndham introduced his Irish Land Bill 1903 with the full support of his prime minister.

The strength of Balfour's support for the new bill was evident in a letter to King Edward VII:

This [1903 Land Act] is a very far reaching measure; and the Irish government are sanguine that it will settle for all time the Irish land difficulty. The objections to it – and there are objections to all things – arise

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<sup>67</sup> Dunraven, *Past times and pastimes*, ii, p. 3.

from the fact that it makes a heavy call on British credit, already handicapped by the past war loans and the Transvaal borrowings; and that it will be represented as a great gift to the Irish tenants and landlords at the cost of the British taxpayer. The cabinet did not underrate the force either of the financial or the political argument, but they are clearly of the opinion that in the interests of great policy, minor difficulties must be ignored.<sup>68</sup>

This letter is important in understanding the British government's attitude to the Wyndham Act and the significance of the land issue to placating Ireland. It makes clear that Balfour saw the act as finally settling the Irish land question 'for all time'. It is also evident that despite the fact that the cost and risks to the British taxpayer and the way in which it will be seen as pandering to Irish interests that the government feels these were prices worth paying 'in the interests of great policy'. Given the nature of the communication between the prime minister and his monarch it is not difficult to understand Wyndham's resolve and confidence regarding his proposed 1903 Bill.

The foundations for a political victory are rarely laid on the day of victory but rather they are made in the long months before culmination. And so, it was in the case of the Irish Land Act 1903. The catalyst came from a well-documented letter from Captain John Shawe-Taylor to a number of newspapers in which he pleaded:

... most earnestly invites the Duke of Abercorn, Mr John Redmond, Lord Barrymore, Col. Saunderson, the Lord Mayor of Dublin, the O'Connor Don, Mr William O'Brien and Mr T W Russell to a conference to be held in Dublin within one month from this date [3 September 1902], when an honest simple and practical solution of the present trouble will be submitted, and I am confident that a settlement on terms satisfactory to landlord and tenant will be arrived at.<sup>69</sup>

Why this letter should invoke such a reaction is an interesting question.

Historiography puts this down to George Wyndham seizing upon the idea to call a land conference and this, indeed may have been the case but it ignores the fact that only one month earlier a similar request was made by a Kerry landlord, Lindsay Talbot Crosbie, which received wider coverage than Shawe-Taylor's generated little

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<sup>68</sup> Cited in C.B. Shannon, *Arthur J. Balfour and Ireland, 1874-1922* (Washington, 1988), p. 123.

<sup>69</sup> *Tuam Herald*, 13 Sept. 1902.



response. In addition to the letter to the newspapers, Talbot Crosbie went as far as to call a meeting in Ardferd and that meeting held on the 29 July 1902 passed a resolution calling for a land conference.<sup>70</sup> The timing of both letters is interesting in that it came after the withdrawal of the 1902 Bill in June and significant land agitation resulting in several counties being proclaimed under the Prevention of Crimes Act, 1871.<sup>71</sup> Reflecting on that summer, lord Dunraven wrote: ‘a certain vague, half-unconscious movement of public opinion towards a different solution of the problem than a “fight to the finish” began to manifest itself.’<sup>72</sup>

The Irish Landowners Convention, a landlord representative body under the chairmanship of Lord Abercorn, was resolutely against the idea of a land conference. At a meeting on 27 August 1902 a resolution by Talbot-Crosbie calling for a land conference was withdrawn for lack of support.<sup>73</sup> Despite this opposition the movement that Dunraven referred to was building a momentum with several national newspapers such as the *Irish Independent*, *The Freemans Journal* (who published Shawe-Taylor’s letter of 2 September 1902 calling for a land conference), the *Irish Times* and the *Irish Examiner* given prominence to articles calling for a conference.<sup>74</sup> A poll was taken by a newspaper in September of lieutenants and deputy lieutenants of Ireland which showed 103 in favour of a conference and 33 against.<sup>75</sup> In early October the Catholic hierarchy called for a land conference to be held in a ‘spirit of conciliation’.<sup>76</sup> Despite the growing popular demand for a conference, the Land Convention at a meeting on 10 October rejected the idea by 77 votes to 14.<sup>77</sup> Resulting from this vote a group of more liberal landlords, including Dunraven, Mayo and Colonel Hutcheson-Poe, established a provisional committee for the purposes of carrying out a poll of all the landlords in the country to ascertain what their views were as regards a land conference. Over 4,000 landlords were

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<sup>70</sup> *Southern Star*, 9 Aug. 1902.

<sup>71</sup> The Prevention of Crimes Act 1871 [56 & 57 Vict. C. 54.] (21 Aug. 1871).

<sup>72</sup> Dunraven, *Past times and pastimes*, ii, p. 4.

<sup>73</sup> *Evening Herald*, 29 Aug 1902.

<sup>74</sup> *Freemans Journal*, 4 Sept. 1902, *Irish Times*, 10 Sept. 1902, *Irish Examiner*, 22 Sept. 1902.

<sup>75</sup> Dunraven, *Past times and pastimes*, ii, p. 7.

<sup>76</sup> *Freemans Journal*, 9 Oct. 1902.

<sup>77</sup> *Irish Times*, 11 Oct. 1902.

approached and of the 1,706 who voted, 1128 were in favour and 578 against.<sup>78</sup> This gave the moderates the mandate they needed, and encouraged by a favourable response from the government, they entered into discussion with John Redmond and William O'Brien regarding the arrangements for a conference. On 20 December details of the Land Conference were announced in the press.<sup>79</sup>

Whether Wyndham knew Shawe-Taylor prior to the Land Conference is uncertain but both men shared a number of connections that could well have resulted in their meeting. Wyndham was three years older than Shawe-Taylor. Both men served in Cheshire regiments, Wyndham in the Yeomanry and Shawe-Taylor in the 1<sup>st</sup> Cheshires. Both saw service in the Egyptian campaign. Both were in South Africa at the same time, Wyndham as under-secretary of War and Shawe Taylor as aide de camp to General Sir John Davis who commanded the Southern District from 1893 to 1898. It is known from correspondence with Balfour that Wyndham toured South Africa extensively during this period meeting the various military commands.<sup>80</sup> It is possible, therefore, that he could have encountered Shawe-Taylor during these travels. It is also interesting that Shawe-Taylor was the nephew of Lady Gregory with whom Wyndham mixed as part of the Irish literary circle. Perhaps most interesting was that when Lord Abercorn refused Shawe-Taylor's invitation to attend the Land Conference his next choice was Lord Dunraven who was a close friend and indeed, relation of George Wyndham.<sup>81</sup> In a letter to Balfour on 19 September 1902, Wyndham wrote: 'You can scarcely conceive what a hubbub there is here over the prospect of a settlement, the wisdom of a conference etc.etc.'<sup>82</sup> Wyndham was conscious of the capacity of newspapers to influence public opinion. In a letter to a Ettie Grenfell in 1897 he wrote: 'to accept journalism as a force of life we have got to live here and now – and positively to mould and direct it.'<sup>83</sup> Whether Wyndham was instrumental in Shawe Taylor sending the letter to various papers is not

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<sup>78</sup> Dunraven, *Past times and pastimes*, ii, p. 9.

<sup>79</sup> *Freemans Journal*, 20 Dec. 1902.

<sup>80</sup> Gatty, *George Wyndham*, pp 130-1.

<sup>81</sup> See 'Wyndham, George' in *ODNB*,

<http://www.oxforddnb.com.jproxy.nuim.ie/view/printable/37052> accessed 29 April 2015, and Shawe-Taylor papers 1890-1909, (Galway County Council Archives, MS. G01/4).

<sup>82</sup> Wyndham to Arthur Balfour, 19 Sept. 1902 (British Library, Arthur Balfour Papers, Add MS 49804).

<sup>83</sup> Quoted in Ellenberger, 'Constructing George Wyndham', p. 504.

particularly relevant. What was important, however, was that the proposed Land Conference was called despite the Irish Land Convention's opposition on the landlords' side and that of John Dillon and Michael Davitt on the tenants' side. In a paper entitled 'A policy for Ireland' prepared by Wyndham for cabinet in November 1902, and before the Land Conference was convened, he set out his arguments as to what he felt was the correct policy for Ireland. This document is interesting in that it provides a context for what was to follow, both in relation to dealing with the land question and the wider relations between the two countries. This paper opened with the following sentence which set out Britain's aspiration for Ireland, and a reason why it had not been met so far: 'The hopes whether of extending and confirming the loyalty of Ireland to the crown, or of making her a willing partner in the development of the Empire, are periodically frustrated by organised agitation.'<sup>84</sup>

Wyndham suggested that there were three obstacles to achieving the aspiration: the land question, imperial and local burdens in the shape of taxes and rates, and access to higher education for Roman Catholics. Until these issues were resolved he advised that 'Union will be thought intolerable by the majority'. Regarding the land question, he says that land acts have fallen into two categories: 'One dealing with the relationships of landlords and tenants; the other abolishing those relations by enabling the tenant to become the owner and that the first set of acts have invariably failed whereas the second set have invariably succeeded.'

The first set which he calls 'rent fixing acts' were 'made the subject of perpetual and universal litigation'. The policy paper affords an insight into Wyndham's thinking on core elements of the Irish land question. He made the significant point that 'The landlords are ruined financially ... and the tenants are ruined morally'.

Later in 'A policy for Ireland' the paper Wyndham pointed out that he realised: 'The landlord will not sell if a sale involves a material loss of gross income and the tenant won't buy if [the] annuity is greater than rent or future rent.' In this sentence, Wyndham encapsulated the conundrum he had to resolve: what was the price that

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<sup>84</sup> 'A policy for Ireland' (B.L., Arthur Balfour Papers, Add MS 49804/77).

would persuade landlords to sell, and tenants to buy, while leaving both parties better off financially? How Wyndham went about reconciling these conflicting demands, required a considerable feat of financial engineering.

Referring to land agitation Wyndham contended that the activities of the U.I.L. were under control: 'The present agitation shows signs of abating in consequence of the penalties which have been inflicted on those who have broken the law and the disgust which it arouses in the minds of all moderate men including a large section, indeed a majority, of Irish Home Rulers.'

The document, 'A policy for Ireland' set out what he deemed necessary to bring about a solution to the agitation issue but also sounded a note of caution if the matter is not resolved:

... the discrepancy between the position of 70,000 tenants who have purchased their holdings, and some 400,000 who are debarred from purchasing will precipitate an agitation throughout Ireland of unprecedented magnitude. ... The cardinal question is, therefore the lowering of the instalment to £3-5-0. If that can be conceded the land question can be solved.

The reference to the 'lowering of the instalment to £3-5-0' refers to the need to ensure that the annuity that the tenant would pay (including a sinking fund payment of 0.5 per cent) on his borrowing to purchase his holding would be 3.25 per cent. This was a clear call to the Treasury to find a way of providing what was at that time low cost funding.

From the above extracts, it is easy to understand how historians such as Campbell could argue that the act was in response to U.I.L.- lead agitation. This document was intended to solicit support from the cabinet and the Treasury for his proposed initiative. It was not surprising therefore that he would convey the idea, that was the measure not to be supported, it could give rise to significant problems in the future. Regarding the thorny issue of compulsory purchase, Wyndham was adamant that it should not be entertained. He set out his position clearly; 'A scheme of compulsory purchase may be dismissed as being outside the sphere of practical politics. The

problem is to expand the volume of voluntary sale.’<sup>85</sup> Such an approach was consistent with his view expressed to Balfour in a letter of 11 January 1901:

Compulsory purchase is not practical, nor even if practical a desirable policy. It would shatter credit in respect of Ireland’s chief asset – the land – and it would stereotype a number of conditions which ruined the present and preceding land systems, which would even more surely ruin a system of universal peasant proprietary.<sup>86</sup>

In this approach, he was very much setting his face against the demands of T.W. Russell and the U.I.L.s, William O’Brien, who campaigned strongly that compulsory purchase was a pre-requisite for land reform.

Notably however, Wyndham’s document, ‘A policy for Ireland’ makes no reference to the component that would mark out the Wyndham Land Act from its predecessors and which more than any other provision laid the basis of its success – ‘The Bonus’. This innovative measure, which was a key element in addressing the conundrum relating to price, would not emerge until the Land Conference had done its work, and as such, it arguably can be seen as a product of the conference.

## **2.7: The Land Conference**

The Land Conference was held in Dublin’s Mansion House from 20 to 23 December 1902 and reported on 3 January 1903.

The conference was important from several perspectives. It removed any potential criticism that might be made of the 1903 Bill that it had been framed without any consultation with Irish representatives, thus affording the legislation more legitimacy than its 1902 counterpart. Moreover, many of its recommendations were to find their way into the bill’s provisions. Most importantly the conference set a

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<sup>85</sup> The evidence suggests that Wyndham was intractably opposed to compulsory purchase a fact attested to by a quote from T.W. Russell who said, ‘To mention the word compulsion to the then Chief Secretary was to send him into a fury.’ See T.W. Russell, ‘The Irish land question; what remains to be done’ in W.T. Stead (ed.), *Coming men on coming questions* (London, 1905), p. 10.

<sup>86</sup> Wyndham to Balfour, 11 Jan. 1901 (B.L., Arthur Balfour Papers, Add MS 49803/161).

cooperative and harmonious tone for landlord and tenant representatives to follow. This was illustrated by a minute dated 7 January 1903 of the Irish Landowners Convention who as recently as the 10 October 1902 had voted against having a land conference and whose chairman, the duke of Abercorn, had refused Shawe-Taylor's invitation to chair the conference:

We have had under consideration the published Report of the Irish Land Conference, recently held at the Mansion House, Dublin. We recognise the Report as a valuable addition to the various suggestions that have been made for removing the grave difficulties of the Irish Land Question, by bringing the Land Purchase Acts into more general operation on the Voluntary principle. We observe that its proposals, so far as they relate to Irish landlords, are to a great extent identical with those adopted by the Irish Landowners Convention in October 10, 1902, and therefore likely to be widely acceptable to the landlords. We feel that this fact calls for acknowledgment from us to those members of the Conference who acted on behalf of the tenants and we are pleased to see that the terms on which they believe that the majority of tenants would be willing to purchase have at length been made known, as asked for by the Landowners Convention and that the Government now have in their possession ample information as to the views held by all parties in Ireland.<sup>87</sup>

This minute approved by the executive which included such luminaries from the landlord side as lords Clonbrock, Cloncurry and Inchiquin as well as the earls of Westmeath and Drogheda must have pleased Wyndham.

Wyndham would have taken further solace had he known of the sense of resignation felt by such a radical and intractable land campaigner as Michael Davitt who in a letter to John Dillon in September 1903 wrote: 'I believe the constitutional movement – that which has struggled through the treacheries and tensions of the past twenty-five years – is dead. It died in the Mansion House, Dublin, poisoned by O'Brien with a big dose of Dunravenism.'<sup>88</sup> This statement indicates that the more extreme elements of the nationalist side saw a resolution to the land question as undermining the broader thrust for self-determination by the Irish people of their

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<sup>87</sup> *Return of the resolution and statement adopted by the Irish Landowners' Convention on 10<sup>th</sup> October, 1902; and report of the Irish Land Conference, dated 3<sup>rd</sup> January, 1903; and minute on Land Conference Report, adopted on 7<sup>th</sup> January, 1903, by the executive committee of the Irish Landowners' Convention, (89) H.C. 1903, lvii, 321.*

<sup>88</sup> F.S.L. Lyons, *John Dillon* (London, 1968), p. 238.

own affairs. In that sense, they saw it as an important part of the British government's policy of constructive unionism.

The Land Conference report which contained eighteen recommendations was long on aspiration and short on specifics. For instance, regarding the important matter of the evicted tenants it simply proposed 'That any project for solution of the Irish land Question should be accompanied by a settlement of the evicted tenants question upon an equitable basis.'<sup>89</sup> Similarly, regarding inducements for tenants to purchase and landlords to sell, the report simply stated that each 'should be given some inducements'. What form these inducements might take was not made clear. The report was also aspirational in terms of wanting landlords to remain in Ireland and ensuring that the proceeds of sale would be reinvested there. But aspirations are important in achieving understanding between contesting parties and in establishing common ground from which progress can be made. In that context, the report's primary finding was critical, 'That the only satisfactory settlement of the Land Question is to be effected by the substitution of an occupying proprietary in lieu of the existing system of dual ownership.' This statement was a recognition that the landlord system which had prevailed in Ireland for centuries was no longer tenable. Henceforth, the debate would ultimately be about price and financial terms and not policy or political or social philosophy. Wyndham had succeeded in creating an environment whereby there was common ground to achieve a settlement and the efforts could be directed towards devising a formula for bringing about a solution to the Irish land question.

While the Land Conference had been the subject of much attention two other factors initiated by Wyndham in late 1902 also played an important part in laying the groundwork for the successful introduction of the 1903 Irish Land Bill. The first of these was the appointment in October 1902 of Sir Anthony MacDonnell as under-secretary for Ireland. MacDonnell who hailed from one of the great hotbeds of Irish land agitation, Swinford in Co. Mayo, was the son of a Catholic landowner. A career civil servant he served in India where he earned a reputation for being a land reform expert. Described as a 'liberal imperialist' and 'conscious of his Irishness' he was

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<sup>89</sup> *The Irish Land Conference Report*, 3<sup>rd</sup> January 1903.

not, despite his familial connections (His brother Mark was a Home Rule M.P.) a Home Ruler.<sup>90</sup> Being a Catholic and with strong familial connections to the Home Rule movement it was inevitable that MacDonnell's appointment would generate debate, opposition and suspicion. Even Balfour expressed his concerns to Wyndham. In a letter dated 26 August 1902 he wrote: 'I have heard nothing but good of Sir A MacDonnell as a man and as an administrator – but is he not a Home Ruler? If not his reputation belies him and his friends have done him a grievous injustice.'<sup>91</sup> Despite these concerns, Wyndham remained resolute and MacDonnell was appointed. MacDonnell only accepted the role on Wyndham agreeing to certain conditions. The first of these was that 'he would play an active role in policy formulation aimed at producing a grand solution to Ireland's problems' and secondly that 'he could return to the Indian civil service whenever he saw fit'.<sup>92</sup> That such demands were conceded is indicative of the importance to Wyndham of the appointment and to MacDonnell's negotiating skills. MacDonnell clearly had important connections. Patrick Maume stated that he acted as 'a channel for unofficial communications between Wyndham and the Irish Parliamentary Party'.<sup>93</sup> On a different level he had connections into the highest echelons of British society, with Irish M.P. Tim Healy claiming that MacDonnell's appointment 'was entirely due to Edward VII'.<sup>94</sup>

The second initiative that Wyndham introduced, and which gets little mention in the historiography of the time was the commissioning of William Frederick Bailey, the legal assistant commissioner and respected academic and land commissioner, to carry out an investigation entitled 'Inquiry into the present condition of tenant purchasers who have acquired their holdings under the provisions of the Irish Land Purchase Acts'. This inquiry established in November 1902, had as its terms of reference: Establish the present condition of the holdings purchased not less than seven years ago, as regards general improvements, treatment and cultivation, and more particularly as regards permanent improvement works carried out since

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<sup>90</sup> Patrick Maume, 'Mac Donnell, Anthony Patrick' in *DIB*, p. 944.

<sup>91</sup> Balfour to Wyndham, 26 Aug. 1902 (B.L., Arthur Balfour papers, Add MS 49804).

<sup>92</sup> Patrick Maume, 'Mac Donnell, Anthony Patrick' in *DIB*, p. 944.

<sup>93</sup> *Ibid.*

<sup>94</sup> Cited in Biggs Davidson, *George Wyndham*, p. 125.



purchase; determine whether the tendency to sell, sublet, or subdivide had increased or diminished as a consequence of purchase; ascertain if the general solvency and credit of purchase have improved or not since purchase; investigate the effect generally of the land purchase system on the character and well-being of the tenant purchasers.<sup>95</sup>

The importance of this report was that it provided Wyndham with empirical evidence upon which he built many of the arguments he used to support his 1903 Bill. The fact that it was prepared by one of the most respected experts on land in Ireland, William Bailey, gave it a significant credibility.<sup>96</sup> The report, which took five months from commencement to publication (25 March 1903, the same day as the Land Bill was introduced), involved Bailey and his team visiting sixty-five individual estates representing 14,813 tenant purchase transactions throughout the entire country.<sup>97</sup> The report's key findings were: that apart from some local exceptions 'That the holdings of tenant purchasers have largely improved in all parts of the country as regards cultivation, treatment, and general improvement is unquestionable.'; regarding subletting and subdivision 'The answer to this is unequivocal. The tendency to sublet and subdivide ... has to a great extent either disappeared or lain dormant since purchase and the tendency to sell has largely diminished.'; in relation to solvency: 'The general consensus of opinion is that the credit and solvency of the occupiers has much improved as a consequence of purchase and that this is shown by the facts that they have paid off debts to bankers and shopkeepers and that they have largely increased their stock, and that they can get money more easily on loan.' and that '... the purchase system has up to the present been unfruitful to the 'gombeen' man, who in many districts ... has disappeared altogether.'; regarding the general well-being and character of tenant purchasers while reporting a general improvement the report is not as emphatic as to the cause and effect relationship as it is for the other findings. The report concluded

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<sup>95</sup> W.F. Bailey, *Inquiry into the present condition of tenant purchasers who have acquired their holdings under the provisions of the Irish Land Purchase Acts* (London, 1903), p. 3.

<sup>96</sup> William Frederick Bailey (1857-1917) was a barrister, university lecturer (T.C.D.) and legal assistant commissioner under the land acts. He wrote several books and articles dealing with Irish land issues and gave evidence before a number of royal commissions. See Helen Andrews, 'Baily, William Frederick' in *DIB*, pp 224-5.

<sup>97</sup> Bailey, *Inquiry into the present condition of tenant purchasers*, p. 4.

that the improvement in economic welfare could also be attributable to the general improvement in agriculture in the opening years of the twentieth century but regarding general welfare it felt that land purchase had given ‘feeling of contentment’ to purchasers, citing improvements in diet and freedom from the threat of eviction as reasons for improved morale.

The Bailey report painted owner occupation in a positive light and in that sense, its publication suited Wyndham’s cause and provided him with significant material to argue his case when presenting his bill to parliament. It was as, Bailey subsequently wrote, a case of ‘The magic of property had turned sand into gold.’<sup>98</sup> It would have been interesting to see how Wyndham would have dealt with the report’s findings had it conveyed a negative image of land purchases.

## **2.8: Conclusion**

One year to the day after the introduction of his failed 1902 Bill, George Wyndham stood before parliament and introduced the Irish Land Bill 1903. This time he was better prepared. He and his under-secretary, Anthony MacDonnell, had been assiduous in laying the ground-work for the bill’s successful passage through parliament.

They had galvanised public and political opinion in Ireland through the workings of the Land Conference and behind-the-scenes negotiations with both landlord and tenant representatives. They had managed to put together a set of proposals that broached middle ground and led to a situation where both landlords and tenants realised that the solution to the land question involved ‘occupying proprietary in lieu of the system of dual ownership’.<sup>99</sup> Writing shortly after the act’s introduction, Bastable concluded that ‘its chief significance lies in the fact that it definitely binds all parties in Great Britain and Ireland to that particular method of solving the land question often described as “the abolition of dual ownership.”’.<sup>100</sup>

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<sup>98</sup> William Frederick Bailey, *The Irish land acts. A short sketch of their history and development* (Dublin, 1917), p. 26.

<sup>99</sup> Minutes of the *Irish Land Conference Report*, 7 Jan. 1903.

<sup>100</sup> Bastable, ‘The Irish land purchase act of 1903’, p. 5.

Wyndham also had the unwavering support of his prime minister, who as his letter to King Edward VII quoted earlier in this chapter highlights, saw the resolution of the land question as the solution to the more important Irish question. Most importantly Wyndham had the support of the Treasury and the backing of the chancellor, Sir Michael Hicks Beach and his successor Charles Ritchie.

Wyndham believed that the bill he was about to introduce would represent a final solution to the Irish Land question. He also saw it as a measure of historical importance that raised the possibility that might earn him the right to succeed his mentor, Arthur Balfour, as Tory leader when he retired.<sup>101</sup>

However, when he stood to speak on Wednesday, 25 March 1903, George Wyndham was not to know that he had reached the height of his political powers. Within two years, Ireland, that 'exacting mistress, almost a vampire' would as it had done to so many in the past suck the life out of his political career.<sup>102</sup>

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<sup>101</sup> Ellenberger, 'Constructing George Wyndham', p. 501.

<sup>102</sup> George Wyndham to George Curzon, 3 May 1903, cited in Mackail & Guy. Wyndham (eds), *Life and letters of George Wyndham* (New York, 1977), ii, p. 583.

## Chapter 3: An analysis of the financial provisions of the Wyndham Land Act

### 3.1: Introduction

The Wyndham Act set in train the biggest change in land ownership in Ireland since the confiscations of the seventeenth century. By the time the act and its follow-on legislation of 1904 and 1909 had run their course in 1921, 9,227,142 acres of land comprising of 256,735 holdings had changed hands at a cost of £82,283,180.<sup>1</sup> In terms of scale, the Wyndham project dwarfed any other economic initiative introduced in Ireland up to the bank bailout, of 2008.<sup>2</sup> In social terms, it transformed the structure of landownership from a landlord-tenant based system to one of small proprietary occupier units and in so doing defined Irish agriculture for the next hundred years.

While the bill attempted to address several areas of political and social importance such as issues pertaining to farm labourers, evicted tenants, compulsory purchase and congested districts, it was the finance provisions that the bill was built on and which this chapter will concentrate.<sup>3</sup> Introducing his bill, Wyndham emphasised the financial nature of his proposals when he said: ‘for finance is the whole basis of the Bill: it is the foundation on which the whole superstructure is erected.’<sup>4</sup>

When introducing his bill, Wyndham did not stray into the areas of political or moral philosophy in terms of justifying his placing the measure before the House. Instead,

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<sup>1</sup> *Report of the Irish Land Commissioners for the year from 1 Apr., 1934 to 31 Mar., 1935.* (Dublin, 1936), p. 10.

<sup>2</sup> Wyndham estimated that the cost of implementing the 1903 Act would be of the order of £100 million. While no official or exact National Income figures exist for Ireland in 1903, L.M. Cullen [extrapolated from Cormac Ó Gráda, *Ireland, A new economic history, 1780-1939* (Oxford, 1994), pp 379-83] estimates that it was in the region of £100 to £115 million. The 2008 Bank Bailout has been estimated to have cost €84 billion but in the context of a national income figure of the order of €120 billion, the monetary level of the Wyndham programme was more significant as a percentage of national income.

<sup>3</sup> For an analysis of the social and political aspects of the Wyndham Act see Patrick Cosgrove, ‘The Wyndham Land Act, 1903: The final solution to the Irish land question?’ (Ph.D. thesis, N.U.I. Maynooth.2008)

<sup>4</sup> *Hansard 4*, cxx, 206 (25 Mar. 1903).

he focussed on the economic imperatives of such legislation. Setting the scene he stated: 'If the prosperity of agriculture in Ireland shrinks, it induces stresses and contractions throughout every layer of society ... so that, there is a tendency towards disruption and catastrophe.'<sup>5</sup> Appealing directly to his fellow English members of parliament he said: 'it was to the material interest of this country [Britain] that the main interest of such a neighbour should be prosperous and secure instead of , as now, precarious and decadent.'<sup>6</sup> Continuing with his economic theme he outlined the huge costs to British taxpayers of maintaining a police force largely required to protect landlords and their properties and state bodies such as the Land Commission and the Land Courts to deal with the incessant 'rage for litigation' amongst tenants and landlords as a result of the 'failed' rent fixing acts. The picture he painted was one of stasis and chaos which resulted in, 'The landlords of Ireland being financially ruined; the tenants are being morally ruined,' and 'agriculture starved of capital and industry.'<sup>7</sup> By implication therefore Wyndham was effectively stating that the previous land acts, including that brought in by his prime minister, Arthur Balfour in 1891, had failed to address the Irish land question in a significant or effective way.

As a contrast to this gloomy scenario, Wyndham put forth an alternative outlook which presented Irish agriculture in a much more dynamic context, the key driver of which was occupier proprietorship. Wyndham's central argument was that the Treasury, by lending its credit to a comprehensive land purchase scheme, could in the long run with very little, if any, risk to the Exchequer, solve the Irish land question. Drawing on the Bailey report he highlighted the fact that of the 73,000 tenants who had purchased their holdings under the earlier land purchase acts, the State 'had not lost a single penny'.<sup>8</sup> He stated that 'Public opinion supports the punctual repayment of purchase instalments, and that is a moral security which we ought not to underestimate.'<sup>9</sup>

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<sup>5</sup> *Hansard 4*, cxx, 184 (25 Mar. 1903).

<sup>6</sup> *Hansard 4*, cxx, 184 (25 Mar. 1903).

<sup>7</sup> *Hansard 4*, cxx, 186 (25 Mar. 1903).

<sup>8</sup> *Hansard 4*, cxx, 186 (25 Mar. 1903).

<sup>9</sup> *Hansard 4*, cxx, 187 (25 Mar. 1903).

Wyndham's address to parliament provides an excellent exposition of the reasons why the Irish land issue had become such an intractable problem and why without significant and radical intervention along the lines proposed, the system and, more importantly, Irish agriculture, the country's only real industry, would become lost in a morass of civil unrest and economic paralysis. He argued that the absence of commercial bank lending meant that there was little chance for normal land purchase transactions occurring. The situation was one of almost complete paralysis with landlords facing further state-dictated rent reductions and inevitable financial ruin and tenants facing an uncertain and despondent future. The outlook was a continuation of the cycle of agitation and economic stagnation with what little resources that were available being subsumed by maintaining some form of civil order. The unintended consequence of the earlier judicial rent process meant that the rent appeals process had become bogged down in an ever increasing legal and administrative morass.

Of perhaps most importance were his comments regarding the heavily indebted nature of estates: 'I am afraid, the majority of Irish estates are somewhat heavily indebted.' which meant that landlords were subject to 'paramount interests' and were in many cases 'caretakers' for these parties. A sale in such cases meant for the landlord 'walking into the workhouse.'<sup>10</sup> These extracts from his opening address highlight succinctly the difficulties that many landlords found themselves in and for which the Wyndham Act was to provide a means of escape.

While clearly a bill of great social importance it was also an impressive exercise in financial engineering which sought to devise a series of mechanisms to facilitate the transfer of land from landowners to their tenants. To bring about this required creative and complex financial provisioning. Of the final act's 103 sections, 50 of them were direct finance provisions. This chapter concentrates on the four main areas underpinning the financial structure of the act namely, price, the bonus, the

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<sup>10</sup> In using these phrases, Wyndham was referring to situations where estates were so indebted that should they be sold and the debts paid off, landlords would be left with no capital, no income, no home and no means of support. In such instances, landlords would be better off not selling in that they would have a roof over their head and some means of surviving.

raising of finance and the safeguards built-in to protect the British taxpayer. However, before discussing the specific finance elements of the act, the initial reactions of members to the bill are examined in order to provide better context for the more detailed analysis that follows.

### **3.2: Reactions to the Bill's financial components**

Setting the scene, Wyndham acknowledged that many of the bill's provisions would be difficult for members to understand. He proffered the opinion that 'Finance is not a very engrossing subject, but it happens to be one which is of fundamental importance in this Bill.'<sup>11</sup> He also acknowledged that 'The subject is technical beyond belief.'<sup>12</sup> The technical nature of the bill was evidenced in members' responses. For instance, John Redmond in his contribution to the debate made the very honest admission that, 'On the subject of finance I speak with great hesitation. It is a matter with which I am not competent to deal'<sup>13</sup> A similar sentiment was expressed by Unionist M.P. Colonel Saunderson when he stated: 'that it is the most complicated measure.'<sup>14</sup>

Yet despite not understanding the financial complexities, John Redmond saw the 1903 Bill 'as an enormous advance on the proposals on the same question last year and deemed it 'a great Bill'.<sup>15</sup> A similar view was expressed by Thomas Russell, the Liberal Unionist M.P. from Ulster who said that the bill represented 'Epoch making

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<sup>11</sup> *Hansard 4*, cxx, 205 (25 Mar. 1903).

<sup>12</sup> *Hansard 4*, cxx, 182 (25 Mar. 1903).

<sup>13</sup> *Hansard 4*, cxx, 213 (25 Mar. 1903).

<sup>14</sup> *Hansard 4*, cxx, 217 (25 Mar. 1903).

<sup>15</sup> *Hansard 4*, cxx, 216 (25 Mar. 1903). The 'enormous advances' referred to by Redmond between the 1903 Bill and its 1902 equivalent, included (1) the inclusion of the 12 per cent 'Bonus' (Section, 48), (2) a provision whereby deals were concluded through negotiations between individual landlords and their tenants rather than the Land Commission having to determine the price to be paid (Section 1), (3) the inclusion of 'rental zones' (Section 1) designed to facilitate faster completion of sales transactions, (4) a reduction in the annuity rate from 3.75 per cent to 3.5 per cent (Section 24), (5) an increase from £5,000 to £7,000 in the maximum sum that could be advanced to borrowers (Section 1), (6) provisions in relation to 'evicted tenants' (Section 2 d), and (7) the 'in-globo principle' (Section 6). In addition to these important provisions the 1903 Act also contained sections pertaining to the vesting of mineral rights in the Land Commission (Section 13), increased powers of Estates Commissioners (Section 23) and a range of 'guarantee provisions' to protect the Treasury in the event of default of borrowers (Sections 27-40) that were not included in the 1902 Bill.

proposals – the start of a new era’ and further added: ‘I believe this is a great bill, designed for a great and beneficent work’.<sup>16</sup> <sup>17</sup> Even the normally acerbic Tim Healy was effusive in his praise for Wyndham: ‘I beg to congratulate the Chief Secretary on the genius, skill and courage which he has shown in the conduct of the Bill.’<sup>18</sup> Opposition to the bill was limited and came mainly from Liberal Party M.P.s. Interestingly, a number of these contributions were both prescient and insightful, and many of these related to the impact of the bill on the other national issue of Home Rule. Llewellyn Atterley-Jones M.P. for Durham put forth the view: ‘I believe that the Government have, by their Local Government Bill, and by this Bill, laid the foundations of the structure of self-government which they or we shall finish.’<sup>19</sup> The same point was made by Tommy Gibson Bowles, M.P. for Lynn Regis: ‘It has been said or will be said that every vote given to this Bill is a vote for Home Rule.’<sup>20</sup> The M.P. for Scarborough, Sir Joseph Compton Rickett, proffered the view that: ‘Nationalism will make a great stride forward in the direction of Home Rule.’<sup>21</sup> In response to this claim a number of Irish M.P.s made the assertion that nationalist and unionist support for the bill would imply that it was neutral in terms of the issue of Home Rule. It is interesting to note the differing opinions on whether the Wyndham Land Act was to the advantage or detriment of Home Rule. As noted previously, by Davitt and Dillon showed major concern that the legislation would effectively mollify nationalist aspirations whereas the views set out above from English members point to the opposite. Such divergence highlights the difficulty in placing the Wyndham Land Act in the historical context of the time.

Even though the bill was roundly supported, the debates around it were long and wide ranging. While many of the contributions were significant and relevant others were largely parochial. Typical of this was a contribution from Thomas O’Donnell, M.P. for Kerry West, who spoke at length on how Kerry had been discriminated against for years, citing that over 211,000 people had emigrated from the county and that ‘In Donegal one person in 151 was supported out of the poor rate, in Mayo one

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<sup>16</sup> *Hansard 4*, cxx, 222 (25 Mar. 1903).

<sup>17</sup> *Hansard 4*, cxx, 224 (25 Mar. 1903).

<sup>18</sup> *Hansard 4*, cxxv, 1086 (17 July 1903).

<sup>19</sup> *Hansard 4*, cxxii, 40 (7 May 1903).

<sup>20</sup> *Hansard 4*, cxx, 67 (25 Mar. 1903).

<sup>21</sup> *Hansard 4*, cxxii, 94 (7 May 1903).



in 58 and in Kerry one in 35! Was it not time that something was done for Kerry.’<sup>22</sup> A similar claim was made by John Roche, M.P. for Galway East, who demanded special treatment for east Galway where valuations were among the lowest in the country. He specifically targeted the graziers of the county, claiming that ‘The grazing system was in his opinion a greater curse to their country than landlordism.’<sup>23</sup> Willie Redmond called for all of Clare to be included as a congested district.<sup>24</sup> Despite reprimands from the Speaker of the House M.P. for Cork, James Gilhooly, persisted in raising the plight of the Castletown Bearhaven fishermen.<sup>25</sup> But despite these early day examples of the Tip O’Neill dictum that ‘All politics is local’ much of the debates were concerned with important matters of economics and policy and the contributions provide significant insight to some of the most difficult and important issues that had made the Irish land question so intractable.<sup>26</sup> Of most significance was the fact that nationalist and unionist were united in their support for a measure affecting Ireland. This did not go unnoticed by several British members. Douglas Coghill, who opposed the bill and who made some very insightful and prescient contributions that will be covered later in this chapter, characterising the proposed land purchase measure as a gift from the British taxpayer to Ireland and noted: ‘We now find that there is a union between Orangemen and Nationalists, and all because there is an alluring prospect of a raid on the British Treasury.’<sup>27</sup> Such unity would certainly undermine any suggestion that the bill was hastening in Home Rule but does suggest that economic considerations over-rode everything else.

For a bill that was financial in nature there was relatively little debate around these aspects of its make-up.

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<sup>22</sup> *Hansard 4*, cxxiv, 1537 (7 July 1903).

<sup>23</sup> *Hansard 4*, cxxiv, 1538 (7 July 1903).

<sup>24</sup> *Hansard 4*, cxxiv, 1544-1545 (7 Jul. 1903).

<sup>25</sup> *Hansard 4*, cxxiv, 1560 (7 Jul. 1903).

<sup>26</sup> The phrase ‘All politics is local’ is attributed to the former Speaker of the U.S. House of Representatives. The term refers to the need for politicians to appeal to the simple, mundane matters that effect the everyday lives of their constituents rather than the more lofty and ideological political themes.

<sup>27</sup> *Hansard 4*, cxx, 228 (25 Mar. 1903).

### 3.3: Price

The issue of price was central to Wyndham's plans to bring about a solution to the Irish land question. It was important in two respects. Firstly, in solving the conundrum posed in Chapter 2 as to, what was the price that would persuade landlords to sell and tenants to buy while leaving both parties better off financially? And secondly, in the absence of normal commercial market conditions, was it possible to determine a price that allowed for bilateral negotiation between landlord and tenant which did not lead to indeterminable wrangling between the parties and investigation by lenders, particularly in the context of hundreds of thousands of transactions. In a normal competitive market environment with occasional transactions between willing buyers and sellers the question of price is relatively easy to determine in that it usually relates to the prices prevailing for the most recent sales. However, the market for land in early twentieth-century Ireland could not be said to be normal in any sense. Firstly, there was little funding available for purchasers to facilitate purchases and secondly the prospect of further government intervention in terms of land acts had stalled the market. Also, the number of transactions envisaged under the forthcoming legislation could not be construed in any sense as normal. In this context, it would have been impossible to determine a true open market price for land and hence some guidelines or mechanisms were required.

In addition to the above was the complex nature of the rent review process as a result of the judicial rent system introduced under the 1881 Land Act. The likelihood of achieving a lower rent by going to the Land Courts meant that tenants invariably took that option. As result the courts were swamped with applications and a large backlog of cases existed. This was what Wyndham was referring to when he spoke of 'a rage for litigation'.<sup>28</sup>

Wyndham's response to this dilemma was to introduce several novel features into the legislation such as rent zones, the bonus, the *in globo* principle, extended mortgage period and provisions relating to the redemption of mortgages. These

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<sup>28</sup> *Hansard 4*, cv, 1033 (25 Mar. 1902).

topics will be discussed below. While some of these measures, such as the bonus and the extended mortgage period were designed to make it financially attractive for landlords to sell and tenants to buy, others such as the rent zones and the in-globo principal were an attempt to simplify the sales process and ensure that transactions could be processed more efficiently. He also wanted to enshrine two principles into the legislation which were that bargains were to be struck between individual landlords and tenants and that the price would be a function of the rent payable on a holding. The other key feature was to make the Land Commission central to the transaction in terms of mortgage provider, ensuring securities were in place, dealing with all those with claims on an estate and distributing sales proceeds.

Critics of the act tended to focus on individual components such as the level of prices paid, the necessity or otherwise of the bonus, the absence of compulsory powers and the likely impact of the guarantee provisions on Irish local authorities or the British taxpayer. While such criticisms might have been valid in isolation the Wyndham Land Act needs to be viewed as a package of measures designed to achieve a major outcome, namely the transfer of lands from landlords to their tenants, and individual aspects should be looked at in that context.

As if to emphasise this, the price provisions were dealt with under section 1 of the bill. The essential features were that the price was to be agreed between the individual landlord and his tenant and that it would be based on the rents attaching to the holdings. The state, through the Estates Commissioners (a division of the Land Commission), was only to intervene in terms of facilitating the sale via the in-globo principle, administering the sale, ensuring the validity of the security, providing the purchase finances and the disbursement of sales proceeds to vendors and their creditors. The principle of private deals emanated from the Land Conference. Article II of the Conference's official report concluded that 'the settlement should be made between the owner and occupier, subject to the necessary investigation by the State as to title, rental and security.'<sup>29</sup>

The concept of a private transaction is relatively simple in theory but its application in the context of Ireland in 1903 was a more complicated affair. Complications arose

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<sup>29</sup> *The Irish Land Conference, Official Report*, 3<sup>rd</sup> January 1903 (Dublin, 1903).

in three specific areas. Firstly, how many years rent purchases were to be used in determining price? Secondly what rent figure was to be used as the multiple? Was it the existing rent, a first-term rent that was due to expire on a specific date, a second-term rent that was under appeal, or the third-term rents that were due to commence in 1911.<sup>30</sup> A further complication arose regarding purchasers who had acquired their holdings under the Land Law (Ireland) Act 1896 and who, in accordance with section 25 of this act, were subject to decadal reductions in the annuities they paid.<sup>31</sup> To address the above complications Wyndham's Bill legislated that firstly the price would be determined by reference to second-term rents only. Third-term rents were simply abolished, as was the system of decadal annuity reductions. Section 1 of the bill introduced the concept of 'rental zones' which referred to whether a rent was second-term or earlier. The bill specified that the following range (or zones) of reductions would apply: In the case of a holding where the rent was second-term, a

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<sup>30</sup> Judicial rents were introduced under Section 8 of the Land Act (Ireland) Act 1881. Under the terms of this section any tenant or landlord (it was virtually always the tenant) who was dissatisfied with the rent he was paying could apply to the Land Court to have it reviewed. Once adjudicated on, the rent was fixed for a period of fifteen years, this was known as a first-term rent. After fifteen years, the process could be repeated and the revised rent set for a further 15 years (second term rent). On expiry of the second period, a further review could be undertaken and the rent fixed for another fifteen-year period (third term rent). While the reviews could in theory lead to an upward rent review, the reality was that virtually all such reviews resulted in downwards revisions. Frederick Bailey in *The Irish Land Acts* published in 1917 calculates the average rent reductions across the country because of the judicial rent review process as follows, first term reviews -20.7 per cent., second term reviews - 19.3 per cent., third term reviews -9.2 per cent. (p. 20). In practical terms this meant that a rent of say £100-00-00 immediately prior to the first review in 1881 would have fallen to £79-6-6, in 1896 it would have further reduced to £64-00-00 and by 1911 it would be down to £58-2-2. The legislation was vague on specific guidelines as to the criteria for reviewing rents and the Land Commissioners were afforded significant latitude in determining rents. Thus, it was not surprising that the appeals morass that Wyndham referred to when introducing the bill had grown up. It was to address this problem that the so-called 'rent zones' referred to above came into being.

<sup>31</sup> The term 'decadal reduction' is often confused with judicial or statutory rent reductions such as those referred to above. They are not in fact connected. Decadal reductions which were introduced under section 25 of the 1896 Land Act. A decadal reduction refers to an adjustment to the annuity payable by a purchaser who acquired his land under the 1896 Act. It operated as follows. When a purchaser acquired the holding he paid an amount each year (an annuity) that would pay interest and an amount off against the capital sum. Without a decadal reduction, he would pay the same amount each year until the whole sum was repaid in say 49 years. This is similar to how modern mortgages operate. Under the decadal reduction provision after 10 years the annuity is recalculated based on the principle outstanding at the time. This clearly will result in a lower annuity being paid. Similarly, on the expiry of a further 10 years a new calculation is made and a revised annuity calculated and so on until the full loan is repaid. This has the effect of extending out the repayment period but resulted in an average reduction of 15 per cent in the annuity every 10 years.

reduction of between 10 and 30 per cent would apply; in the case of a holding subject to a first term or earlier rent a reduction of between 20 and 40 per cent would apply. To illustrate this taking a hypothetical example of two tenants with identical holdings except that one is paying rent of £100 per annum based on a second term judicial rent where the other is paying £120 based on a first term judicial rent. As they both hold exactly equivalent holdings it means that they should both pay the same amount for their lands. Table 3.1 below illustrates how the 1903 Act provisions were used to bring this about.

**Table 3.11. Workings of rent zone provisions of the Irish Land Act 1903**

<b>Reference</b>	<b>Col Ref</b>	<b>Calculation Formula</b>	<b>First term rent</b>	<b>Second term rent</b>
Discount range - per Section 1 of Act	A		20% to 40%	10% to 30%
Assumed rent	B		£120	£100
Possible Rent range	C	$B \times A$	£96 to £72	£90 to £70
Rent discount applied	D	$100\% - E/B$	33%	20.00%
Discounted rent	E	$B \times D$	£80	£80
Annuity rate – per Section 45 (1) of Act	F		3.25%	3.25%
Purchase price – Assumed	G		£2,461	£2,461
Number of years rent purchase	H	$G/B$	20.5 times	24.6 times

*Source:* This table has been compiled by the author for the purpose of explaining the working of the rent zone provisions of the Wyndham Land Act.

What Table 3.1 illustrates is that the Land Commission would sanction the two deals and that the landlord would receive the equivalent of 20.5 years for the holding subject to first-term rents and 24.6 times for the one subject to second term-rent.

Rental zones were designed to overcome many of the problems that had dogged previous land legislation. In the first instance, it was designed to provide pricing parameters within which deals could be negotiated. It did this by recognising the differing circumstances of tenants e.g. their status as judicial tenants. The second problem it addressed was how to streamline the lending process. Where a landlord and a tenant agreed a price that lay 'within the zones' the Land Commission could advance the mortgage to the tenant without having to carry out an inspection of the property to ensure that it provided adequate security for the loan advanced. In fact, where the mortgage was less than £3000 the Land Commission had no power to refuse the loan once it came within the zonal parameters. Section 1 (2) of the 1903 Act, also removed the right of mortgagees and remaindermen to an estate objecting to a sale because the purchase price was not sufficient to allow for the discharge of all the encumbrances on the property. The need to remove such a legal obstruction became imperative following a court case relating to the Bolton Estate in 1898, where it was held that where the proceeds of sale were insufficient to discharge in full a liability registered on an estate the sale could not proceed.<sup>32</sup> Given the level of indebtedness of Irish landlords and the fact that many of them were simply acting as unpaid caretakers for lenders who did not want to force sales into depressed market conditions for land that prevailed in the opening years of the twentieth century, the removal of this impediment was important.

The typical metric applied in determining the price of land was 'the number of years' purchase' of a rent. Thus, if a rent was £100 per annum and a price of £2,000 was agreed, this represented 20 times purchase. Neither the bill nor the act specified what this figure should be. Like so many other aspects of the 1903 legislation, the outcome was designed to address a particular problem rather than based on open market conditions. In the case of the 'price' Wyndham sought to arrive at a solution that would enable landlords to sell without them suffering a significant reduction in their net incomes and encouraging tenants to purchase by advancing money at a level that afforded them a reduction in the amount they were already paying in rent. According to contemporary commentators and contributions to the parliamentary debates, the price provisions of the act were constructed so that a selling landlord

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<sup>32</sup> R.A. Walker, *The law relating to land purchase in Ireland* (Dublin, 1906), p. 2.

could achieve the same level of net income that he currently derived from his estate if the proceeds were invested in order to obtain a return of 3.5 per cent per annum.<sup>33</sup> This amount included the bonus payment. While the individual payment was agreed between the landlord and tenant, and the above consideration would not have constituted any part of the negotiations, the parameters established by the zone provisions effectively dictated that it did influence the price paid. The effect of these measures on land prices (based on the number of years purchased) was: land subject to first-term rents were priced at between 18.5 to 24.5 times the annual passing rent; land subject to second-term rents, 21.5 to 27.7 times the passing rent.

In the case of tenants the key objective was to incentivise purchase by ensuring that the annuity paid would be less than the current rent. This was achieved by three initiatives. Firstly the 'in the zone' reductions already referred to. Secondly, the provision of relatively low cost long-term finance advanced by the Treasury at an interest rate of just 3.25 per cent (including 0.5 per cent to cover the contribution to the sinking fund that would be used to repay the loan principal). Thirdly, by the advancement of loans with an unprecedented loan term of 68.5 years.<sup>34</sup> This term was significantly longer than that afforded under previous land acts such as 1881 (35 years), 1885 (49 years), 1891 (49 years). Even later intergenerational mortgages paled into insignificance with those granted under Wyndham. The extension of the term of the mortgage represented a piece of financial engineering that allowed for lower annual contributions thus ensuring lower annuities than rents.

Contributions that were made to the debate on price sought to highlight the excessive level of prices that were to be paid to landlords. T.P. O'Connor, in a long and well-argued speech, produced statistics to show that since 1886 the average price paid for land represented 16 times purchase compared to the 20 plus under the Wyndham Bill.<sup>35</sup> In his contribution O'Connor highlighted the role of the Catholic clergy in

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<sup>33</sup> *Ibid.*, p. xxxiv.

<sup>34</sup> The act did not specify a repayment term of 68.5 years. Section 45 (2) stated: 'The purchase annuity shall be paid until the whole of the advance, in respect of which is payable, is ascertained in manner prescribed by the Treasury to have been repaid.' The figure of 68.5 years was based on how long it would take the sinking fund to accumulate to a position where it could paydown the principal. Based on the ½ per cent annual sinking fund contribution being invested at 3.25% it was estimated that this would take 68.5 years.

<sup>35</sup> *Hansard 4*, cxxii, 82 (7 May 1903).

advising their flock on the prices to be offered. He referred to the example of the bishop of Ross who wrote to tenants who were considering buying their properties under earlier land acts advising them on the prices to offer.<sup>36</sup> O'Connor argued that 'the tenant has to be protected against himself from the land hunger that drives him to want to purchase his holding'.<sup>37</sup> He sounded a note of caution to the state when saying 'The tenant that gives too many years purchase for his holding becomes a dangerous creditor to the State.'<sup>38</sup> Herbert Robertson, Conservative M.P. for South Hackney who had strong connections with Ireland, argued that 'even if the tenants have to pay a little more under this Bill, the price is worth it in the better spirit which has been generated by means of the Land Conference. I do not grudge the landlord the terms he has got, nor shall I incite any tenant not to give them.'<sup>39</sup> Jasper Tully, the M.P. for South Leitrim, 'hoped that tenants would not buy at the ridiculous prices provided for in the Bill.'<sup>40</sup>

Such arguments were to be repeated by many in the years following the act's introduction. In November 1904, Arnold White the journalist and political activist wrote: 'There are already so many cases of an inordinate price being paid for the land that, although the process of transfer has only begun, inevitable trouble awaits the next generation, for the farmers, both Protestant and Catholics, are paying higher prices for the land than it is worth.'<sup>41</sup> Given the timing of the article White would appear to have been referring to the price paid by tenants of the Leinster Estate which was one of the earliest sales under the act and as such was not representative of other sales.<sup>42</sup> Of more note, however, was the comment from the estates commissioners in their 1906 report when they stated:

Whether looked at from the point of view of the number of years' purchase or the rate per acre, it is manifest that the prices now being paid by tenants for purchase of holdings show a very large increase on the prices which were paid before the passing of the act, while, when the 'bonus' of 12 per cent in

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<sup>36</sup> *Hansard 4*, cxxii, 83 (7 May 1903).

<sup>37</sup> *Hansard 4*, cxxii, 84 (7 May 1903).

<sup>38</sup> *Hansard 4*, cxxii, 83 (7 May 1903).

<sup>39</sup> *Hansard 4*, cxxii, 57 (7 May 1903).

<sup>40</sup> *Hansard 4*, cxxvii, 1060 (12 Aug. 1903).

<sup>41</sup> Arnold White, 'What Ireland really wants' in *Fortnightly Review*, lxxvi, no. 455 (Nov. 1904), p. 838.

<sup>42</sup> For a wider discussion on the sale of the Leinster Estate see Chapter 7.



addition is taken into consideration, the increase of price obtained by the landlords is still greater.<sup>43</sup>

Cosgrove calculated that the average price per acre under the various land acts was, Purchase of Land (Ireland) Act, 1885 Act (£10.50), Purchase of Land (Ireland) Act, 1891 and Land Law (Ireland) Act, 1896 Acts (£9.20) and that up to 31 March 1906 the price paid under the 1903 Act was £13.30.<sup>44</sup> However, based on figures in the Irish Land Commissioners Report for 1935 this author has calculated that the average price per acre paid under the 1903 Act and its follow-on legislation was £8.91.<sup>45</sup>

Contributions on the pricing provisions of the bill not surprisingly involved a demand for some element of compulsory purchase. Perhaps one of the more compelling arguments in favour of compulsory purchase and which got to the heart of the matter was made by Francis Channing, the Liberal M.P. Channing, who had sat on the Royal Commission to consider the depression in agriculture from 1893 to 1896, was well versed in land dealings. He argued that under the bill the price being paid for land including the bonus was £40 million more than it should be. He based his estimate on the prices paid under the Ashbourne Act (Purchase of Land (Ireland) Act, 1885 and what would be paid to landlords in England were their lands acquired compulsorily in the public interest. He estimated that the excess represented a 60 per cent premium on the true value of the land whereas the premium on the mainland would be no more than 10 per cent.<sup>46</sup> The same point was argued by another Liberal M.P. who contended that the bill should provide for compulsory purchase and if so the price would be lower and the bonus unnecessary.<sup>47</sup> Wyndham's responses to the criticisms regarding the exclusion of compulsion were uncharacteristically weak. He said he did not wish to take up the time of the House with detailing 'the extreme

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<sup>43</sup> *Report of the estates commissioners for the year ending 31<sup>st</sup> March, 1906 and for the period from 1<sup>st</sup> November, 1903, to 31 March, 1906*, xiv, [Cd. 3148], H.C. 1906, xxv, 237.

<sup>44</sup> Cosgrove, 'The Wyndham Land Act, 1903', pp 92-95.

<sup>45</sup> *Report of the Irish land commissioners for the year from 1 Apr. 1934 to 31 Mar., 1935*. (Dublin, 1936), p. 10. A schedule of advances in this report shows that a sum of £82,283,180 was advanced by the Land Commission under the Wyndham Act 1903, the Evicted Tenants Act 1907 and the Birrell Act 1909 for a total of 9,227,142 acres representing an average price per acre of £8.91.

<sup>46</sup> *Hansard 4*, cxxiv, 1098 (1 July 1903).

<sup>47</sup> *Hansard 4*, cxxiv, 1097 (1 July 1903).

difficulty, if not the impossibility, of finding a practical plan for compulsion.’<sup>48</sup> The response was that of a man who knew he had triumphed and felt it unnecessary to respond to such criticisms.

Despite the protestations regarding the price guidelines set out in the bill the mood had been set by Wyndham and the Land Conference and all Irish MPs took the view that the overall prize that was on offer, namely a solution to the Irish land question, was such that compromise on price was worth making.

### **3.4: The Bonus**

The provision that attracted most comment and generated most debate as the 1903 Bill progressed through the House was the issue of the bonus. This provision, which represented the most significant change on his aborted 1902 Bill, was introduced by Wyndham in the opening lines of his speech:

The point upon which interest is, perhaps unduly, focussed is whether the Government think it possible to deal successfully with the situation by use of credit alone, or whether the Government hold that, in addition to the credit operation, there must also be some cash aid. Well, Sir, the Government think that cash aid is necessary.<sup>49</sup>

The cash aid referred to above is what came to be known as the bonus, although no mention of this term was contained in the act. Section 48 (1) refers to it in the following way:

For the purpose of aiding the sale of estates under this Act, the Land Commission may, in the prescribed manner and at the prescribed time, out of advances by the National Debt Commissioners from the said fund, pay to the vendor of each estate sold a sum calculated at the rate of twelve per cent. on the amount of the purchase money advanced under the Land Purchase Acts.<sup>50</sup>

This was not what Wyndham had intended. The bill when first introduced contained a provision which would have seen the bonus paid on a graduated basis, inversely related to the purchase price for the land. Starting from 15 per cent for estates of

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<sup>48</sup> *Hansard 4*, cxxiv, 1099 (1 July 1903).

<sup>49</sup> *Hansard 4*, cxx, 182 (25 Mar. 1903).

<sup>50</sup> Irish Land Act 1903, Section 48 (1).

£5,000 or less and going down to 5 per cent for those estates worth over £40,000.<sup>51</sup> Eventually at the committee stage, a flat 12 per cent payment was agreed regardless to the size of the transaction. While Wyndham's initial bill was amended as stated, section 48 (3) did contain a five-year review clause which one of his successors as chief secretary, Augustine Birrell would trigger when drafting his 1909 Act and implement a graduated bonus payment scheme.<sup>52</sup>

In explaining the reasons for introducing the cash aid, Wyndham referred to the embarrassments attaching to land transactions in Ireland. These embarrassments included having to pay off debts, dealing with a significant fall in income and addressing the legal complications and costs attaching to complicated leases. Wyndham argued that these issues posed a major obstacle to landlords selling their properties.

We think the justification for adding cash aid is to be found in these complicated legal embarrassments which up to this moment have stopped Irish land purchase in every case, except in the cases of men with other interests and other resources, who have sold their Irish property to be rid of it...<sup>53</sup>

A key element of the bonus was that it was paid directly to the selling landowner and did not constitute part of the proceeds of sale, except in two circumstances.<sup>54</sup> The significance of this was that encumbrances or indeed family settlement claims would not be deducted from it. In effect, it was a way of getting cash into the hands of the landlord without creditors being able to claim it. If the bonus had been paid as part of the proceeds of sale any creditor who had a security against the property could make a claim on it. As Wyndham noted, most Irish estates were significantly encumbered. The measure was designed to circumvent normal creditor rights.

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<sup>51</sup> *Hansard 4*, cxx, 206 (25 Mar. 1903).

<sup>52</sup> Irish Land Act 1909, Section 6 (1).

<sup>53</sup> *Hansard 4th series*, 25 Mar. 1903, vol. 120, col. 182.

<sup>54</sup> Section 48 (1) of the Irish Land Act 1903 specified that the bonus would not be paid in the situation where the estate was so encumbered that the landlord was not entitled to receive the rent for his own use. Nor under the same provision was it paid on sales ordered by the Land Court. Sub-section (2) of the same section stated that 'in estimating the amount of purchase money on which the percentage is to be payable, the price of any land re-sold to the vendor of an estate shall be excluded.'

The idea for the bonus emanated from the Land Conference, albeit referred to obliquely in proposal XII of the report. That proposal read:

That the amount of the purchase money payable by the tenants should be extended over a series of years, and be at such a rate in respect of principal and interest as will at once secure a reduction of not less than 15 per cent., or more than 25 per cent. on second term rents or their fair equivalent, further periodical reductions as under existing Land Purchase Acts, until such time as the Treasury is satisfied that the loan has been repaid. This may involve some assistance from the State beyond the use of credit, which, under circumstances hereinafter mentioned, we consider may be reasonably granted.<sup>55</sup>

It was interesting that most of the leading Irish Party members such as Redmond, Healy and Dillon all spoke strongly in favour of the bonus provision. Redmond saw the bonus as a great advance on the 1902 Bill and expressed his disappointment that the amount provided, i.e. £12 million, was not more. He advocated that it should be at least £20 million.<sup>56</sup> Tim Healy argued that the bonus should be proportionately higher in the case of poorer estates and that it should only be paid to landlords who sold their estates within five years of the passing of the Bill. He added ‘I do not grudge this money being given to the landlord for the sake of peace, and ending an ancient feud.’<sup>57</sup> Charles Devlin, M.P. for Galway, argued that ‘if the bonus disappeared from the Bill the measure would have no effect on Ireland, because the landlords would refuse to sell.’<sup>58</sup> John Dillon’s view was: ‘I agree that the landlords were getting too much under the Bill. But there was no prospect of ending the land trouble in Ireland in any way than by offering this inducement to the landlords to sell.’<sup>59</sup> To John Blake the bonus was necessary ‘to grease the wheels of purchase’.<sup>60</sup> T.P. O’Connor, the Nationalist M.P. for Liverpool, went a step further and claimed that Irish tenants ‘are quite willing that out of their taxes for this bonus is Irish money the landlord should get a bonus which probably would not be given to any other class of the community.’<sup>61</sup> The almost total accord amongst nationalist and

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<sup>55</sup> *The Irish Land Conference, Official Report*, 3<sup>rd</sup> January 1903 (Dublin, 1903).

<sup>56</sup> *Hansard 4*, cxxiv, 1106 (1 July 1903).

<sup>57</sup> *Hansard 4*, cxx, 233 (25 Mar. 1903).

<sup>58</sup> *Hansard 4*, cxxiv, 1102 (1 July 1903).

<sup>59</sup> *Hansard 4*, cxxiv, 1101 (1 July 1903).

<sup>60</sup> *Hansard 4*, cxxiv, 1114 (1 July 1903).

<sup>61</sup> *Hansard 4*, cxxii, 82 (7 May 1903).

unionist politicians was unprecedented and must have been a source of satisfaction to Wyndham and a positive reflection on the work done by himself and his under-secretary Anthony MacDonnell from the time of the withdrawal of his 1902 Bill.

The main opposition to the bonus provision came from members of the opposition who saw it as a bribe rather than as Wyndham claimed ‘a [matter] of public policy not a private deal’.<sup>62</sup> In an article in the *Irish Times*, Henry Campbell Bannerman, former prime minister, and then leader of the opposition saw the £12 million as: ‘the enormity of a landlord’s bribe to landlords’.<sup>63</sup> Thomas Ashton claimed that the bonus was: ‘the greatest blot on the Bill’ and that: ‘it [was] a bribe to satisfy the House of Lords’.<sup>64</sup> In an interesting exchange between John Dillon and Ashton, the former agreed that it was a bribe but that there was no other way of bringing about an end to the land trouble in Ireland and in any event, it was better than spending the money on policing costs.<sup>65</sup> This exchange contained all the ingredients of *realpolitik*. Douglas Coghill saw the bonus as ‘a free gift to Ireland ‘before adding prophetically ‘I do not entertain the opinion that if the land question were settled the feeling of unrest would cease to exist in Ireland.’<sup>66</sup>

### **3.5: The Act’s finance provisions**

While most of the attention surrounding the Wyndham Land Act centred on issues of price, the bonus, the absence of compulsory purchase and its sheer scale and scope, the foundation and what made the measure possible, was the financial provisions which underpinned it. Without what was in effect a government-backed mortgage scheme, land reform in Ireland would not have worked.

What commentary that has been made around this aspect of the act has focussed on narrow technical details and have not provided a wider and more contextual overall

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<sup>62</sup> *Hansard 4*, cxxiv, 1104 (1 July 1903).

<sup>63</sup> *Irish Times*, 25 April 1903

<sup>64</sup> *Hansard 4*, cxxiv, 1097 (1 July 1903).

<sup>65</sup> *Hansard 4*, cxxiv, 1101 (1 July 1903).

<sup>66</sup> *Hansard 4*, cxx, 229 (25 Mar. 1903).

perspective of the importance of the act's financial provisions.<sup>67</sup> Before dealing with the specific aspects of this section of the act it is worth briefly placing these provisions in context. In broad terms, financial provisions relate to those parts of the act relating to money. They include such areas as the annual monetary limitations placed on the Land Commission in terms of transactions (Section 9), the rate of interest charged on advances to purchasers (Section 45), the mechanisms by which funds were raised to finance the purchase schemes (Section 28) and the various guarantee schemes underpinning the advances from the Treasury to fund the act's activities (Sections 29 to 44). Many of these sections of the act were technically complex. The act's financial provisions were important from several perspectives. Firstly, there was as already noted, no functioning credit markets whereby financial institutions would advance loans to people wishing to buy land and hence in order to deliver land reform direct government intervention in the mortgage market was required.<sup>68</sup> Even if alternate sources did exist it would have been extremely unlikely that they would have advanced 100 per cent of the purchase price to individuals with no credit status. Secondly, to square the circle of making a price that would encourage landlords to sell and tenants to buy, while leaving both better-off financially, required raising money at a cost in the market via a placing on the London Stock Exchange, that would enable transactions to take place.<sup>69</sup> The secret to addressing the above was to use the British government's good name and reputation to borrow funds in the market and to lend these funds to tenant purchasers via the Land Commission to buy their holdings from landlords. To do this required Wyndham persuading a conservative and sceptical Treasury that the overall prize of resolving the Irish land question was worth their efforts and that the risks were relatively minimal.<sup>70</sup> Without the Treasury agreeing to raise the funds there would have been no means of funding the purchases so, therefore, no Wyndham Act.

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<sup>67</sup> For commentary on this aspect of the 1903 Act see Cosgrove 'The Wyndham Land Act, 1903,' pp 237-69; Nathan Foley-Fisher and Eoin Mc Laughlin, 'Capitalising on the Irish land question: Land reform and state banking in Ireland, 1891-1938 in *Financial History Review*, 23.1 (2016), pp 71-109.

<sup>68</sup> Foley-Fisher and Mc Laughlin, 'Capitalising on the Irish land question', p. 82.

<sup>69</sup> A placing is the term that is used to describe issuing a security on the London Stock Exchange.

<sup>70</sup> See Andrew Gailey *Ireland and the death of kindness: The experience of constructive unionism 1890-1905*, (Cork, 1987), p. 84. Gailey further expressed the view that the

Were it not for the Treasury's willingness to facilitate the transaction it would have been impossible to raise funds at a cost of 2.75 per cent. Even with the Treasury's involvement by 1908 the discount applied to the issuance of £23,750,000 worth of 2.75 per cent Guaranteed Irish Land Stock stood at £2,837,388 which meant that the true cost of raising finance to fund the acts land purchases was 3.125 per cent. This represents a 13.6 per cent increase in the cost of funds.<sup>71</sup> This situation would in the coming years further deteriorate as the volume of stock issued increased to meet the demands of landlords and tenants to avail of the terms offered by the Wyndham Act. If the Land Commission had to pay open market rates for these funds it would not have been able to provide finance to tenants at 2.75 per cent or afford to pay landlords a price for their lands representing an average of 22.2 times annual rent.<sup>72</sup> As Wyndham stated in introducing the bill: 'finance is the whole basis of this bill: it is the foundation on which the whole superstructure is erected.'<sup>73</sup>

Wyndham showed himself to be adroit in matters of high finance and the workings of the City. His approach in raising upwards of £100 million by means of a 2.75 per cent Guaranteed Irish Land Bond stock showed considerable adroitness in terms of financial engineering practice. To win the confidence of the City, he stated that his plan was to adopt a gradual approach to raising the capital to fund Irish land purchases by limiting the amount raised in the initial period, to not more than £5 million in any one of the first three years of the scheme.<sup>74</sup> In a period where the market was awash with Transvaal bonds, another substantial bond issue could encounter difficulties in being taken up.<sup>75</sup> The background to this was that in May

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Treasury later were concerned that the increased borrowing associated with Irish land purchases might 'undermine the credibility of the government in the City'. p. 206.

<sup>71</sup> *Report of the departmental committee appointed to enquire into Irish land purchase finance in connection with the provision of funds required for the purposes of the Irish Land Act, 1903*, 7, [Cd. 4005] H.C. 1908 xxiii, 267. This report, which was better known as the Runciman committee report after its chairman, Walter Runciman, financial secretary, was commissioned due to concerns in government regarding the workings of the 1903 Act. The above calculation is based on the discount that 2¾ stock had to be issued at to ensure that the market purchased it.

<sup>72</sup> *Report of the estates commissioners for the year ending 31<sup>st</sup> March 1920*, H.C. xiv, 661.

<sup>73</sup> *Hansard 4*, cxx, 206 (25 Mar. 1903).

<sup>74</sup> *Hansard 4*, cxx, 201 (25 Mar. 1903).

<sup>75</sup> Transvaal Government Guaranteed 3 per cent loan stock was raised by the Transvaal Government to repay war debt, to finance the building of railways and a land resettlement programme. The first issue was in May 1903 and raised £30 million and there was a further

1903, the Transvaal Government raised £30 million through the issue of a 3 per cent guaranteed loan stock in order to repay the British government's war debts, fund a land resettlement programme and finance the building of a railway network. A further £5 million was raised in June. The impact of this was to absorb a significant amount of liquidity from the market with the result that investors and institutions had little appetite or cash for Irish land stock. Coupled with this was a mistrust in certain quarters of the market of Irish land bonds, as evidenced by their being described as 'bog stock'.<sup>76</sup> And the fact, that they were only paying 2.75 per cent on the bond was clearly also a factor. It would make it difficult to raise a large sum offering such a low level of return to bond purchasers even if it was a British Treasury issue. A review of bond prices on the 25 March 1903 (date of introduction of the bill) showed that investors could acquire yields in excess of the 2.75 per cent in the market, for example, Cape Bond (3.3 per cent), New South Wales (3.5 per cent), New Zealand (3.3 per cent), Manchester municipal (3.1 per cent).<sup>77</sup> In this environment it would have been challenging for the Treasury to successfully place a large issue of Irish land bonds at a yield of 2.75 per cent., hence the decision to limit the issue to £5 million for each of the first three years of the act's operation. Wyndham felt that when the City got used to these new bonds that 'it will be possible and desirable to mend the pace.'<sup>78</sup> Clearly his strategy worked as by the time the purchases under the act had exhausted itself by 1919 over £82 million had been raised although this required an increase in the coupon to 3 per cent under the Irish Land Act, 1909.<sup>79</sup>

A vital aspect of Wyndham's proposals was that vendors would be paid in cash and not as heretofore in land bonds. As set out in chapter 2 the value of bonds (not just land bonds) had been falling significantly from around 1900. As the table below illustrates a bond purchased (say a 10 year 2.5 per cent consol) in 1896 for £110-17-6 would by 1903 have fallen in value to £90-18-9 or just over 18 per cent.

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£5 million raised in June. See Jeremy Wormell, *The management of the national debt of the United Kingdom, 1900-1932*, (London, 2004), p. 45.

<sup>76</sup> A remark made by William Moore M.P. for North Antrim in parliament in 1909, cited in Foley-Fisher and Mc Laughlin, 'Capitalising on the Irish land question', p. 85.

<sup>77</sup> *The Times*, 25 Mar. 1903.

<sup>78</sup> *Hansard* 4, cxx, 201 (25 Mar. 1903).

<sup>79</sup> *Report of the Irish Land Commissioners for the year from 1 Apr., 1934 to 31 Mar., 1935* (Dublin, 1936), p. 10.



**Table 3.12. Average price of 10 Year 3 per cent consols 1896-1903**

Year	Avg. Price £
1896	110.875
1897	112.250
1898	110.875
1899	107.000
1900	99.625
1901	94.187
1902	94.500
1903	90.937

*Source:* Sidney Homer and Richard Sylla, *A history of interest rates*, (New Jersey, 2005), pp 194 & 446.

The practical consequences of such a decline in the value of bonds for someone who, for example, sold his estate under the Land Law (Ireland) Act, 1896, for £5,000, and who held on to the land bonds, was that they would be worth only £4,100 in 1903. In such circumstances, it is not surprising that landlords would have been reluctant to continue to accept this form of payment and would instead insist on receiving cash. While they would not have been aware of it at the time, landlords' insistence on cash was a very wise decision, as the value of consols fell dramatically over the next 100 years because of massive fundraising demands caused by the two world wars, a significant rise in interest rates and the growth of inflation in the 1970s. For example, a 2.5 per cent consols which traded at an average price of approximately £90 in 1903 was worth less than £29 in 1989.<sup>80</sup>

The difficulty that a cash payment posed for the Treasury was the challenge of sourcing upwards of £100 million in cash by issuing bonds to the City and other institutional investors. Given the declining value of bonds since 1896 to do so at a rate of 2.75 per cent would have been impossible to achieve even for the most powerful financial institution in the world, the British Treasury. That they were

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<sup>80</sup> *Barclays equity / gilt study 2016* (61<sup>st</sup> Edition, London), pp 74-6.

prepared to countenance it in the first instance and to agree to do so at such a competitive rate of 2.75 per cent was testimony to the British government's commitment to resolving the Irish land question and to Wyndham's powers of persuasion and influence, and his relationship with Charles Ritchie the chancellor of the Exchequer. Moreover, regardless of Wyndham's personal relationships and qualities, without the backing of Arthur Balfour the Treasury support would not have been forthcoming.

Despite Wyndham's arguments regarding the 'moral security' afforded by willingness of purchasers to meet their obligations and the guarantee afforded by the 'Irish Land Purchase Fund' the passing of the act entailed certain risks for the British taxpayer, a point noted by a number of the contributors.<sup>81</sup> One of the key opposition voices was that of Tommy Gibson Bowles the M.P. for Lynn Regis and the owner of the widely circulated social magazines *Vanity Fair* and *The Lady*. Bowles, in a long and significant contribution to the debate, argued that the exposure of the British taxpayer was unlimited: 'there is absolutely no limit to the advances under the bill ... it may be £100,000,000 or it may be £150,000,000; but there is no limit.'<sup>82</sup> In 1908 the Runciman committee estimated that were the terms of the Wyndham Land Act to remain unchanged and the programme it started run to its conclusion that the cost would be £160,000,000 due to the rising cost of raising funds in the market.<sup>83</sup> Gibson Bowles was particularly critical of the bill's financial provisions referring to them as: 'Patagonian finance. It is not only novel; it is grotesque.'<sup>84</sup> He sought to undermine Wyndham's assertions about the security provided, arguing the land was not worth what was being paid for it and that in the event of another famine or a succession of bad harvests that regardless to the moral obligation to pay their annuities they simply would not be able to do so, and the Treasury would not be able to recover the loans. He highlighted one of the main deficiencies of the bill which

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<sup>81</sup> *Hansard* 4, cxx, 187 (25 Mar. 1903); Irish Land Act 1903, section 47.

<sup>82</sup> *Hansard* 4, cxxii, 68-69 (7 May 1903).

<sup>83</sup> *Report of the departmental committee appointed to enquire into Irish land purchase finance in connection with the provision of funds required for the purposes of the Irish Land Act, 1903*, 7, [Cd. 4005] H.C. 1908 xxiii, 267.

<sup>84</sup> *Hansard* 4, cxxii, 69 (7 May 1903). The reference to Patagonian finance was a derogatory term and originated from a number of schemes to mine guano in South America in the late nineteenth century. Many of these fundraising schemes which emanated out of London turned out to be fraudulent or reckless and investors lost their investments.

was the absence of any working capital finance facility that could be provided to tenant purchasers to cover short-term seasonal cash difficulties that might arise. To Bowles the bill represented: ‘a crazy scheme founded on crazed finance’.<sup>85</sup>

Bowles’s comments were re-echoed by Llewellyn Atherly Jones, the Liberal Party M.P. for Durham, who expressed his: ‘very great repugnance to the financial provisions of this Bill’.<sup>86</sup> Arguing that Wyndham’s bill, when coupled with the 1898 Local Government Act, had: ‘laid the foundations of the structure of self-government which they [Tories] or we [Liberals] shall finish.’<sup>87</sup> Making the same point Compton Rickett stated that because of this act and the greater ties of people to the land that ‘Nationalism will make a great stride forward in the direction of Home Rule.’<sup>88</sup> With great prescience towards the Economic War some thirty years later he advised parliament that:

there will be an irresistible temptation to put pressure on the Government of this country to secure more political concessions. It has been shown again and again that the Government could not resist a strike on a large scale against rent. You could not evict a country.<sup>89</sup>

A similar point was made by James Coghill M.P., when asking: ‘But supposing a feeling of tension arises again between Ireland and this country, what will happen in regard to the payments under this Bill?’<sup>90</sup>

In terms of its financial provisions the act became a victim of its own success. Applications to the Land Commission far exceeded the funds available and its

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<sup>85</sup> *Hansard 4*, cxxii, 74 (7 May 1903).

<sup>86</sup> *Hansard 4*, cxxii, 9 (7 May 1903).

<sup>87</sup> *Hansard 4*, cxxii, 40 (7 May 1903).

<sup>88</sup> *Hansard 4*, cxxii, 95 (7 May 1903).

<sup>89</sup> *Hansard 4*, cxxii, 94 (7 May 1903). The reference refers to the Anglo-Irish Trade War of 1932-36. The difficulties were triggered by a decision of the first Fianna Fáil government to withhold the land annuities due to the British Treasury under previous land acts. The action triggered retaliatory economic sanctions such as the imposition of tariffs and trade embargoes. After four years and significant damage to the Irish economy in particular, an agreement was concluded between the two countries which saw a return to normal trade relations and a one-off payment of £10 million by the Irish government as a full and final settlement of all outstanding land annuities. See Brian Girvan, ‘The republicanisation of Irish society, 1932-48’ in J.R. Hill (ed.), *A new history of Ireland, vii: Ireland, 1921-84* (Oxford, 2010), pp 146-8.

<sup>90</sup> *Hansard 4*, cxx, 227 (25 Mar. 1903).

capacity to process the volume of transactions. As early as 31 December 1904, just over one year following the act's passing, the Land Commission had received applications of over £19 million but only £4.2 million had been advanced.<sup>91</sup> Given that Wyndham had only committed to raising £5 million per annum for the first three-years, backlogs were inevitable. As will be seen later in this study when the sales of individual estates are examined, delays of up to ten years in completing a transaction were not uncommon despite changes in amending legislation and increases in staffing levels in the Land Commission.

These delays could be problematic for both landlords and tenants. This was particularly so in the case of heavily indebted estates. In such cases once the application was made to and accepted by the Land Commission a landlord received an interest payment of 3.5 per cent of the agreed consideration in lieu of rent from the Commission which was then responsible for collecting the rent from the tenants. This arrangement might remain in place for many years before the Land Commission had sufficient funds to complete the transaction. As the following comment from the president of the Incorporated Law Society, Edward Mac Laughlin in November 1904, highlights the delay was a major problem for a landlord who had to service significant debt:

If the limitation [five million annually] of the money available was adhered to, estates under the act could not be sold with the same rapidity as during the past twelve months.... In the meantime, they [landlords] would have to [bear] heavy rates of interest upon the charges on the estates. The rates of interest probably varied from 4 to 6 per cent.<sup>92</sup>

There is no doubt that the financial workings of the act had their failings and these became manifest early in its operation. The fact that Wyndham was attempting to engage with so many parties with conflicting demands made this inevitable. The fundamental problem however, was the lack of funding available to finance land purchases.

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<sup>91</sup> *Interim report of the estates commissioners for the period from 1<sup>st</sup> November, 1903, to 31<sup>st</sup> December, 1904*, 50, [Cd. 2471], H.C. 1905, xxii, 177.

<sup>92</sup> *Freemans Journal*, 29 Nov. 1904.

One of the parties that he needed to bring on board was the British taxpayer in the guise of the Treasury. To achieve this, he needed to minimise their sense of risk and this he achieved by building into the legislation a series of financial structures that this study refers to as guarantee provisions.

### **3.6: The Act's guarantee provisions**

Wyndham's approach to allaying the fears of the British taxpayer was threefold. Firstly, in his introductory remarks he argued that it was 'to the material interest' of Britain to have a contented and prosperous Ireland.<sup>93</sup> Secondly, he minimised the risks associated with bad debt citing that 'Public opinion supports the punctual repayment of the purchase instalments, and that is a moral security which we ought not to underestimate'.<sup>94</sup> Thirdly, the provision of guarantees that were aimed at providing comfort to the British public that they would not be liable should Irish tenants default on their loans.

The first security in the event of default was the land itself. Should the tenant default in his repayments the Land Commission was empowered to foreclose on the mortgage and sell the land to pay off the debt. This was the practice at an individual borrower level but in terms of satisfying the British taxpayer a more complex structure was required. The effect of these measures was to place the responsibility for any repayment shortfall on the Irish taxpayer.

The essential features of this system of indemnities were as follows. Section 27 of the Wyndham Act established what was called the Irish Land Purchase Fund (I.L.P.F.). This fund was administered by the National Debt Commissioners, an organisation akin to the modern National Treasury Management Agency. When the Treasury issued 2.75 per cent Guaranteed Irish Land stock the gross proceeds were passed to the I.L.P.F. who would in turn pass these on to the Land Commission to fund the land purchases they had approved. Any Irish land stock issued to fund land purchases under the 1903 Act by the Treasury was guaranteed by it, but was secured

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<sup>93</sup> *Hansard*, 4, cxx, 183 (25 Mar. 1903).

<sup>94</sup> *Hansard*, 4, cxx, 187 (25 Mar. 1903).

against the assets of the I.L.P.F. Section 38 provided that if there was any shortfall in terms of meeting interest, capital repayments, or, more pertinently, the discount payable on the issuance of stock that could not be met out of the I.L.P.F. in the first instance they would be charged against the Irish Development Grant Fund.<sup>95</sup> In the event of this Fund not having sufficient funds to meet shortfalls, claims would be made against the Irish Probate Duty Grant Fund or the Irish Death Duty incomes Fund (These funds represented the income to the Irish administration from probates and death duties). If a shortfall remained it would be claimed against the Agricultural Grants Fund paid under the Local Government (Ireland) Act, 1898. The effect of these measures was to place the onus of meeting any shortfall in funding on the general Irish taxpayer and not his British counterpart. A similar arrangement pertained to the Irish Land Purchase Aid fund established under Section 47 of the Act for the purposes of funding the cost of the bonus paid to landlords.

Cosgrove provides an example of how these measures impacted on taxpayers. he cites that of Kildare County Council which in 1907, suffered a withholding of £8,454 from their Death Duty Grant and the Agricultural Grant due to it because of the charges incurred by the I.L.P.F. as a result of the sale of the Leinster Estate in 1904 for £766,647.<sup>96</sup> The unfairness of this situation whereby some people such as merchants and professionals who had not benefitted in any way from the introduction of the 1903 Act were being asked to pay was recognised by the new Liberal government in 1907 following representations from the Irish Party and thereafter shortfalls were met by the central exchequer. The guarantee safeguards for the British taxpayer introduced by Wyndham in 1903 had therefore effectively been made null and void but their inclusion in the original act removed a possible reason for its rejection by parliament and on that basis, they can be said to have achieved their objective.

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<sup>95</sup> The Irish Development Grant Act 1903 was enacted to provide funding for a range of agencies such as the Congested Districts Board, The Office of Public Works and The Commissioners of Education and Training. According to the *Report of the Lord Lieutenant of all his proceedings under the Ireland Development Grant Act, 1903, for the financial year ending 31<sup>st</sup> March, 1905*, H.C. [Cd. 705] a total of £95,000 was paid out and of this £75,000 pertained to the 1903 Land Act.

<sup>96</sup> Cosgrove 'The Wyndham Land Act, 1903', p. 250.

### **3.7: Conclusion**

How the Wyndham Act is interpreted and the subsequent amending legislation, is a matter of perspective. From a political standpoint, the act did go a long way towards addressing the land question but as events turned out had little impact on the more overarching Irish question so in that light it was largely a failure. From a strategic perspective, it represented a missed opportunity to restructure Irish agriculture. From the viewpoint of the unfortunate landless, it was a total failure. In terms of land reform, it more than any other state sponsored initiative delivered on its promise. From a landlord perspective, it provided an opportunity to sell an estate at a price that allowed a standard of living to be maintained. It afforded tenants the opportunity to finally purchase their holdings and become masters of their own soil.

From the perspective of George Wyndham, it can be argued that despite its many weaknesses and failings it represented a great triumph. The problems that arose with regard to the operation of the act were principally around the lack of availability of a sufficient source of capital at the rate provided for by Wyndham at 2.75 per cent. The stresses placed on the scheme by the commitment to pay cash instead of land bonds to landlords, the decision to ensure that annuities were significantly below rent levels, and the scope and scale of the measure all placed enormous strain on the operation of the act. The achievement in putting together a highly complex piece of legislation capable of meeting the conflicting demands of landlords, tenants, intractably opposed political enemies, the British taxpayer and the Treasury, merits much praise. Had Wyndham lived until 1920, he might have responded to critics that despite all the failings and weaknesses in the legislation it had largely achieved his objective of solving the Irish land question. While the act did not succeed in bringing about a total transfer of all the land of the country it did succeed to the point where it was a realistic proposition for Free State governments to introduce their own legislation and thus complete the process. Had the Wyndham Act not been so successful this would not have been possible. Thus, it can be argued that it did achieve its overall objective and in that sense, should be viewed as a great success. In terms of winners and losers it is difficult to gauge and is dependent on the timescale. For instance, tenants would have benefitted significantly from their fixed rate annuities during the inflationary period of the First World War but suffered in

the deflationary dominated 1920s and 1930s. Irish ratepayers bore the cost of funding shortfall costs in the early years of the act's operation and the British Exchequer and by extension the British public would have lost heavily following the decision by Eamon de Valera, Taoiseach, to withhold the land annuities in 1932.

What then of the remaining players in the whole process namely Irish landlords? If, tenants paid too high a price for their holdings then it is reasonable to deduce that landlords were paid too much and as such were winners under Wyndham's Act. While this is true to some extent, it needs to be borne in mind that by any objective assessment landlords had since the introduction of the Land Law (Ireland) Act, 1881 suffered both severely and unjustly at the altar of political expedience. The state's intervention in the market whereby dual ownership was given effect by the 1881 Act, institutionalised long term (forty-five years) rent reductions through the introduction of Judicial rent reviews and compulsory compensation to tenants for improvements made to their holdings and all this without any recompense being paid to landlords. Such measures could not be enacted today without major legal challenge as the recent episode regarding upward only rent reviews in Ireland went to show.<sup>97</sup>

Arguably, landlords were treated extremely badly and the value of their assets and their capacity to manage them and leverage them virtually wiped out without any compensation being made. In this context, it might be argued that the generous Wyndham provisions to landlords were in some regard a recognition that compensation was due for the serious diminution in the value of their asset caused by previous land acts. As such in assessing how landlords fared under Wyndham it is important to examine this with a wider lens not just in terms of the impact of

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<sup>97</sup> In their 2011 election manifesto (Section 15.10) the Fine Gael party gave a commitment to pass legislation abolishing what is known as upward only rent reviews. The effect of this legislation would have been to negate the standard clause in most commercial leases that rents could only be reviewed upwards regardless of whether the passing rent was justified or not. On coming to power the Fine Gael-led government sought to honour their pre-election commitment but in April 2014 the then minister for Justice, Alan Shatter, announced that they were dropping plans for their abolition when he said; 'There was substantial concern that any legislative scheme involving interference in the contractual relationships of private parties would find it extremely difficult to survive a constitutional challenge.' (The Journal.ie 22 April 2014 on [www.thejournal.ie](http://www.thejournal.ie) accessed 2 July 2015). The Fine Gael proposal were minimal compared to the measures imposed on Irish landlords during the period 1870 to 1903.



previous measures enacted but also as to what became of them in the years that followed their sale as they sought to come to terms with a different form of wealth asset namely capital.

## **Chapter 4: The Anatomy of a deal – The case of the Dopping Hepenstall estate**

### **4.1: Introduction**

Historiography has ignored the actual day-to-day workings of the various land acts and as a result there is a serious lacuna in the understanding of the challenges faced by landlords, their advisors and tenant purchasers, particularly in the aftermath of the introduction of Wyndham Land Act, 1903. This gap in knowledge has meant that an important aspect of life in Ireland in the early years of the twentieth century has remained unexplored, as has an appreciation of the efforts required of all parties involved in concluding a sale under the terms of the Wyndham Act.

The aim of this chapter is to fill this void by examining on a step-by-step basis how land deals were struck, the strategies and tactics employed by landlords, tenants and the Land Commission to bring about transactions, and the highly intricate legal and financial processes required to affect such a redistribution of land. It will also explore the role played by land agents, solicitors and indeed the role played by local power brokers such as the Catholic clergy, as well as evicted tenants and their lineal descendants.

The methodology employed is that of a case study approach. Key to this has been a detailed examination of a number of family and estate papers. The study has benefitted from the availability of two significant collections held by the National Library of Ireland, namely the Dopping Hepenstall and the Bellew family estate papers. The Dopping Hepenstall collection contains well over 2,000 documents dealing specifically with the subject under review. Even within such a collection it is obvious that gaps exist relating to various stages and the study deals with this by substituting material from other collections such as the Bellew and Clonbrook papers and a number of contemporary guides such as Walkers, *The law relating to land purchase in Ireland being the Irish Land Acts, 1903 & 1904*, and Fottrells, *The Irish Land Act 1903 explained*. These tomes sold widely in the aftermath of the act's

introduction as landlords, land agents, legal advisors, as well as tenant purchasers sought to understand the intricacies of the new legislation.

Despite the efforts of Wyndham to simplify the procedures involved through the introduction of the *in globo* principle and the specification of rent zones, transactions were extremely complex and drawn out and required significant expertise, particularly from a legal perspective. The Dopping Hepenstall sale illustrates this point well in that it took almost ten years from the initial negotiations with tenants to the completion of the sales and the payment of the proceeds into the landlord's bank account. During that period, there was a large volume of correspondence and meetings between Dopping Hepenstall, his solicitor Bernard O'Grady, and the Land Commission. As outlined in chapter 3 much of the delay experienced in completing sales was attributed to the lack of sufficient funding being in place. However, this case study demonstrates that the bureaucracy involved in the sales process was also a major contributor to transactions being drawn out over many years.

Before examining the detail of the Dopping Hepenstall sale it is worth considering the underlying essentials of land transactions in the post-Wyndham era. The 1903 Act provided for the sale of lands under two methods: the first was by selling the entire estate to the Land Commission, and the second method was by selling each individual holding to the tenant thereof, with the purchase price being paid directly to the landlord by the Land Commission.

Section 6 (1) provided that a landlord could sell his entire estate directly to the Land Commission rather than to his tenants. This might arise for several reasons: where the estate is in a congested district and a better price could be obtained from the Land Commission than what the tenants could afford to pay; where the landlord was unable to conclude deals with his tenants due to animosities or past difficulties; where the situation is complicated because of claims by evicted tenants or their descendants.<sup>1</sup>

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<sup>1</sup>R.A. Walker, *The law relating to land purchase in Ireland* (Dublin, 1906), p. 17.

The second method was by far the most commonly used and was the basis upon which the Dopping Hepenstall sales and indeed the other sales examined in this study were transacted. The transactions were financed by the Land Commission by means of a loan to the purchaser at an annual interest rate totalling 3.25 per cent, made up of 2.75 per cent interest and a sinking fund charge of 0.5 per cent. The price paid, represented by the number of years' purchase of the annual rent, was the subject of negotiation between the individual tenants and landlord and so long as it came within the rent-related 'zones' the Land Commission were obligated to accept it. Where judicial rents did not apply, or particularly in the case of vacant lands, the price was the subject of direct negotiation with the Land Commission. While the above represents the basics of such deals, and is typically the level explained by current historiography, the detail involved in arriving at a completed transaction was far more circuitous. What follows is a much more comprehensive representation of the 'anatomy of a deal'.

#### **4.2: The Dopping Hepenstall estate**

The Dopping Hepenstalls held estates in Longford and Wicklow. The family also held a number of residential properties in Dublin City.<sup>2</sup> The Doppings were originally an English family who settled in Longford in the mid-seventeenth century. In 1858, the Rev. L.W. Dopping married Diana Dalrymple Hepenstall. Her father was a landlord of a 1,500-acre estate in Wicklow and was a nephew of the notorious Edward Hepenstall, a lieutenant in the 68<sup>th</sup> Regiment who earned a fearsome reputation for cruelty in the Wicklow and south Leinster area during the 1798 Rebellion.<sup>3</sup> He was said to be almost seven foot tall and earned the nickname 'The Walking Gallows' because of a technique he allegedly practised whereby he could hang a prisoner by tying a rope around his neck and throwing him over his shoulder. From this union came the double barrel nomenclature and the broader estate.

The family had a somewhat chequered history in the late nineteenth century, including a bankruptcy and inter-sibling law suits concerning the distribution of the

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<sup>2</sup> *Landlords in Ireland 1876*'.

<sup>3</sup> Desmond McCabe, 'Hepenstall, Edward Lambert' in *DIB*, p. 638.

proceeds of a life assurance policy. From various newspaper articles, it seems that the family appear to have had less than cordial relations with sections of the local community. In 1882, Col. Dopping Hepenstall got into a fight with one of his tenants over the latter cutting turf without the former's permission. It ended up with the colonel up to his neck in a bog-hole after confronting the tenant, a Mr Hand. Dopping Hepenstall ordered the ten servants who accompanied him to restrain Hand and when they refused they were instantly dismissed.<sup>4</sup> In April 1904 a number of local men were charged with stealing timber from the estate.<sup>5</sup> The following September the estate bailiff, Robert Gillespie was returned for trial charged with pointing a revolver at four local men, two of which, John and Edward Hanlon, were the sons of a tenant who had been evicted from the estate in 1885. The report referred to the fact that there had been bad blood between the parties for some time.<sup>6</sup> Interestingly in this case the solicitor for the four complainants was C.J.P. Farrell who represented the tenants in their negotiations to buy their holdings from Dopping Hepenstall. Even long after the sale of the estate local newspapers record several instances of cases involving damage to the demesne property.

*The landowners in Ireland, 1876*, shows the family owning 1,701 statute acres in Derrycassan, Co. Longford, with an annual valuation of £1,109, and a further 1,568 acres (£925 annual valuation) scattered around various parts of Co. Wicklow.<sup>7</sup>

### **4.3: Initiating the sales process**

The starting point for a deal appears to have varied from situation to situation. In the case of the Dopping Hepenstall the process was initiated by a handwritten letter dated 6 November 1903 to his land agent, Bernard O'Grady of 14 Nassau Street, Dublin, signed by forty-three tenants from his Derrycassan estate in Longford, including Peter Hand who was the tenant involved in the previously mentioned altercation with Dopping Hepenstall's father in 1882.<sup>8</sup> Interestingly, in this letter the

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<sup>4</sup> *Freemans Journal*, 1 July 1882.

<sup>5</sup> *Anglo-Celt*, 4 Apr. 1908.

<sup>6</sup> *Anglo-Celt*, 17 Sept. 1904.

<sup>7</sup> *Landowners in Ireland, 1876*, p. 53 and p. 99.

<sup>8</sup> National census 1901 returns for the townlands of Mullanalaghta and Larkfield in Co. Longford;

issue of land purchase appears to have been of secondary importance. The main point was to seek a rent reduction due to difficult harvest conditions:

We the undersigned tenants on Major Dopping's, Derrycassan, Larkfield and Dring estate beg to represent to you as his agent the loss we have sustained arising to the inclemency of the past season. Less than half the hay crop has been saved. The potato is but a little over half the average. The same is true of the root crop and as is well known the turf or fuel crop is utterly ruined. Even this statement does not express nearly all our loss. We beg to request that you will make in the rent now called for a reduction in some degree proportionate to our losses or as an alternative that Major Dopping will sell the lands in Derrycassan, Larkfield and Dring to his tenants on reasonable terms and have the rent now claimed added to the purchase money.<sup>9</sup>

Within fifteen days of the above letter, the issue of land purchase came to the fore as a second letter sent directly to Dopping Hepenstall makes clear:

We, the tenants on your property respectfully approach you to ask if you are willing to sell to us at a price consistent with your interest and your tenants. If so we are willing to offer you 20 years purchase on second term rents, and the few 1<sup>st</sup> term tenants to be specifically dealt with or graded to 2<sup>nd</sup> term with the same number of years purchase.

We would also request you to include the November half year's rent in the purchase, as the present disastrous harvest leaves us unable to pay it.<sup>10</sup>

The approach here is interesting from a number of perspectives. In the first instance, it was made within three months of the passing of the act in August 1903, indicating a significant appetite on behalf of the tenants for land purchase. Secondly, the fact that such a large number of tenants had signed the letter illustrates that they were mobilising themselves. The third aspect is that tenants saw an opportunity to apply pressure to a landlord by threatening to withhold rent while at the same time hoping to have it capitalised into the purchase price that might be paid, thereby giving them an immediate cashflow advantage.<sup>11</sup> It is interesting also that none of the tenants

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<http://www.census.nationalarchives.ie/pages/1901/Longford/Mullanalaghta/Larkfield/1551008/> accessed, 30 Mar 2017.

<sup>9</sup> Derrycassan tenants to O'Grady, 6 Nov. 1903 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>10</sup> Letter from Derrycassan tenants to Dopping Hepenstall, 21 Nov. 1903 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>11</sup> The term 'capitalisation' in this context means that the arrears of rent would be added to the purchase price and that the mortgage to the tenant from the Land Commission would

took the lead in stating their case. Clearly there were natural leaders among them as subsequently the land agent, O'Grady, identified the aforementioned Peter Hand who he describes as 'one of the principal tenants in Larkfield'.<sup>12</sup> It was not until March 1904 that Christopher Farrell, a Longford-based solicitor, wrote to O'Grady advising that he been appointed by the tenants of the Derrycassan estate to represent their interests.<sup>13</sup> Farrell was the same solicitor that represented the complainants in the previously referred to case in which Robert Gillespie, bailiff on the Dopping Hepenstall estate, was tried for firing shots at four young men in Longford in 1904. Farrell was also the brother of James Patrick Farrell, the founder of the *Longford Leader* newspaper, and the Irish Parliamentary Party M.P. for South Longford. James Farrell raised the issue of the evicted tenants of the Dopping Hepenstall Longford estate in parliament on several occasions.<sup>14</sup>

The appointment of a solicitor to represent tenants' interests and to communicate with landlords seems to have been a regular practice. For example, the tenants of the Wicklow estate of Col. Dopping Hepenstall appointed solicitor, J.H. Carroll of Church Street, Wicklow to represent them. In the case of the tenants of Lord Bellew's estate, B. Glynn, a solicitor from Galway, was appointed. While hardly a statistically representative sample it is interesting to note that the three tenant representative solicitors referred to above were all Roman Catholic whereas at that time most of the profession were Protestant.<sup>15</sup> All the solicitors of landlords examined in this study were Protestant.<sup>16</sup>

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cover this amount. An example serves to illustrate the point clearer. Let us suppose a tenant was paying an annual rent of say £50 and was in arrears for one year. If he bought his holding for 23 times purchase of the passing rent, he would therefore pay £1,150 and this would be financed by a mortgage from the Land Commission. In this instance, his annual repayments to the land Commission would be £37-6-8 (£1,150 @ 3 ¼ per cent annuity). He would still have to pay the landlord £50 for the arrears. If, however, the arrears were added to the purchase price making it £1,200 his annual annuity repayment would be £39 but he would not have to pay the arrears of £50 thus gaining an immediate cash flow benefit.

<sup>12</sup> Bernard O'Grady to Peter Hand, 16 Nov. 1903 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>13</sup> C.P. Farrell to Bernard O'Grady, 26 Mar. 1904 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>14</sup> *Hansard*, 5, xi, 386 (21 Sept. 1909).

<sup>15</sup> Household census schedule returns.

<http://www.census.nationalarchives.ie/pages/1901/> accessed 27 Mar 2017.

<sup>16</sup> Household census schedule returns. <http://www.census.nationalarchives.ie/pages/1901/> accessed 27 Mar 2017.

As if to highlight the long drawn out nature of these transactions the next correspondence in the Dopping Hepenstall collection is dated October 1904. In this letter, the solicitor representing the tenants increased their offer to 21.25 years second-term rents. He also sought the inclusion of outstanding rents in the price and the dropping of civil bill cases for the collection of rent arrears. It is notable in this correspondence that reference is made to evicted tenants 'and the untenanted lands be restored to the evicted tenants.'<sup>17</sup> Little over a month later Farrell wrote to O'Grady that the tenants would accept a reduction of 5 shillings in the pound on second-term rents and 7 shillings in the pound reduction in first-term rents.<sup>18</sup>

Such an approach contrasts with that adopted on the Bellew estate. In this instance Sir Henry Grattan Bellew wrote to his solicitor, James Robinson of 119 St Stephens Green, Dublin, seeking advice as to what he would likely receive in the event of selling the estate to the tenants. Mr Robinson's response highlights the impact of the various deductions from the headline figures that were often reported in newspapers. In Bellew's case the deductions accounted for over 40 per cent of the total estimated sales proceeds. In an example shown in Walker's *Law relating to land purchase in Ireland* the deductions represented just over 35 per cent of the gross proceeds.<sup>19</sup> To assist Bellew in deciding whether to sell or not, Robinson estimated that should the net proceeds along with the £14,300 provided for Lady Bellew be invested in government bonds at 3.5 per cent that it would bring in an annual income of £2,664. This would have compared to a net annual rent of £3,780. From this amount would of course have to be deducted the cost of collecting the rents and running the estate plus the repayment of the loans shown in the table below.<sup>20</sup> As will be seen in chapter 6, an almost identical approach was adopted by Lord Clonbrock in trying to decide whether he should sell or not.

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<sup>17</sup> C.P. Farrell to Bernard O'Grady, 12 Oct.1904 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>18</sup> C.P. Farrell to Bernard O'Grady, 14 Nov.1904 (N.L.I., Dopping Hepenstall papers, MS 35836(8)).

<sup>19</sup> Walker, *The law relating to land purchase in Ireland*, pp xxxiii - xxxiv.

<sup>20</sup> J. Robinson to Henry Grattan Bellew, 15 Nov.1904 (N.L.I. Bellew papers, MS 27,290 (2)).



The Dopping Hepenstall approach was reactive as opposed to the more proactive one adopted by Bellew. It should be borne in mind, however, that once Dopping Hepenstall engaged Bernard O'Grady to act for him, the level of activity significantly increased.

**Table 4.13. Bellew Estate: Initial estimate of sales proceeds 1904**

<b>Estimate prepared for Sir Henry Grattan Bellew of proceeds of sale of estate by James Robinson, Solicitor, 119 St Stephens Green, Dublin.</b>	<b>£</b>
<b>Rents</b>	
1st Term - £2,505.16.7 at 21 1/2 years purchase	53,875.06.06
2nd Term - £274.16.6 at 25 years purchase	6,870.12.06
Leaseholds - £849.5.11 at 23 years purchase	19,533.16.01
Grazing rents - £809.16.0 at 26 years purchase	21,054.16.00
	101,334.11.01
Add: Bonus at 12 per cent	12,160.02.11
Total proceeds	113,494.14.00
<b>Deductions</b>	
Board of Works Charge - Redemption price at 25 years purchase £100.3.6	2,506.17.06
Board of Works Charge - Redemption price at 25 years purchase £61.11.2	1,538.19.02
<b>Head rent redemptions</b>	
- Clonrelagh and demesne - £142.10.6 at 25 years purchase	3,563.02.06
- Barneswell Grove - £240.10.6 at 25 years purchase	6,013.02.06

**Table 4.1 Continued**

<b>Estimate prepared for Sir Henry Grattan Bellew of proceeds of sale of estate by James Robinson, Solicitor, 119 St Stephens Green, Dublin.</b>	<b>£</b>
Quit rent redemptions amounting to £33.0.0 at 25 years purchase	825.00.00
Redemption of Tithe Rent charges	
- Payable to Mr Brown - £8.0.0 at 22 1/2 years purchase	180.00.00
- Payable to Lord Clonbrock - £4.12.0 at 22 1/2 years purchase	103.10.00
- Payable on Clonstuskert - £40.14.00 at 22 1/2 years purchase	916.13.09
- Payable on Moylough - £123.03.08 at 22 1/2 years purchase	2,771.12.06
- Payable on Killascode - £33.17.06 at 22 1/2 years purchase	762.03.09
- Payable on Castleblaney - £34.03.08 at 22 1/2 years purchase	769.02.06
Loan repayments	
- Principal due to Mrs Daly	2,843.16.11
- Principal due to Lieut. Thacker	4,000.00.00
- Principal due to Reps of A Robinson deceased	2,192.08.10
- Principal due to Reps of A Robinson deceased	500.00.00
- Principal due to Reps of A Robinson deceased	1,150.00.00
- Principal due to Rev R Cunningham & another	500.00.00
Amount retained to meet Lady Bellew's contingent annuity of £500 say	14,300.00.00
Amount retained to meet costs of sale including the costs in connection with the redemption of Head rent, Tithe rent charges, Board of Works and ordinary charges affecting the Estate say	1,500.00.00
Total deductions	46,900.09.11
Net proceeds from sale of estate	66,594.14.01

*Source:* J. Robinson to Henry Grattan Bellew, 15 Nov.1904 (N.L.I., Bellew papers, MS 27,290 (2)).

At an early stage in the process a memorandum of understanding between Dopping Hepenstall and O'Grady was prepared. This document dated 21 March 1906 and entitled 'Memorandum of instructions to B.M. O'Grady Solicitor' set out the landlord's instructions to his agent regarding the sale of his estate. The document deals with each of the Dopping Hepenstall estates in Longford and Wicklow. The agreed instructions were that O'Grady was to seek to obtain twenty years' purchase for non-judicial and first-term statutory rent tenants, and twenty-three years for second-term rents. The memorandum also set out Dopping Hepenstall's position regarding turbary, sporting and mineral rights. Turbary was to be granted to tenants with legal entitlements but in other cases O'Grady was to try and obtain payment for it, although there was an underlined proviso stating that 'if absolutely necessary turbary will be given.' Turbary appears to have been a contentious issue as the following extract from a letter from Dopping Hepenstall to O'Grady indicates: 'She [DH's sister] says that so many now have no turf and can never have it, that there will be jealousy if others get it; and she thinks more general satisfaction would result if none had turf rights, except those one or two who now have it in fair rent orders.'<sup>21</sup>

Sporting rights were to be vested in the tenants and in the case of mineral rights these were to be allocated to the Land Commission.<sup>22</sup> Regarding the latter, section 13 (3) of the act provided that 'the Commission [holds] the exclusive right of mining or taking minerals and digging and searching for minerals, on or under the land.' This provision, which did not apply to the extraction of stone or gravel, was important, and is the reason why anyone wishing to mine land for minerals today must first obtain a licence from the Irish government before doing so.

The document also made it clear that all arrears of rent were to be dealt with separately from the sale, and only in exceptional circumstances, were arrears to be added to the purchase price. The memorandum also provided instructions regarding evicted tenants. These were important for the Wicklow estate where the document stated: 'This estate owing to the fact that there are several hundred acres evicted and

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<sup>21</sup> Dopping Hepenstall to O'Grady, 26 Mar. 1906, (N.L.I., Dopping Hepenstall papers, MS 38836 (8)).

<sup>22</sup> Memorandum of instructions to solicitor and land agent, Bernard O'Grady, 21 Mar. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836(13)).

lying derelict will probably have to be offered for sale to the Estates Commissioners.’ The strategy adopted in such instances was to try and obtain tenants who would occupy and eventually purchase these holdings. The inference here was that if untenanted land was sold to the Land Commission, the price would be less than that for tenanted land. The reference in the letter to ‘several hundred acres’ of land previously occupied by evicted tenants suggests that for an estate of 1,568 acres, evictions had been a significant issue. Unfortunately, the family papers, nor indeed contemporary newspapers, shed any light on this aspect of the Dopping Hepenstall estate management practices. However, it is clear from several questions raised in parliament by James Farrell M.P. relating to the Dopping Hepenstall’s Derrycassan estate, that there were numerous evictions there, particularly during the 1880s.<sup>23</sup> Given also the poor relations between the family and the estate communities the likelihood was that eviction was a tactic used by the Dopping Hepenstalls in dealing with troublesome tenants.

In a letter that O’Grady wrote accompanying the Memorandum one can detect that he is trying to press Dopping Hepenstall into progressing with the sale:

If you still wish me to proceed with negotiations I am strongly of the opinion that now is the time before May, and you will therefore see that there is no time to spare, at the same time I would beg of you to understand that although I have given you my advice, I in no way urge you to sell, though I do not believe for one moment that matters will ever get better, and in fact I have very serious doubts of my being able to get terms which are in the enclosed Memorandum...<sup>24</sup>

In this same letter, he gives examples of landlords who a year previously were negotiating sales based on 22.5 years purchase and who now would be fortunate to get eighteen or nineteen years’ purchase. A similar opinion was advanced by Lord Bellew’s land agent John Lopedell in a letter to his client in April 1908: ‘Whatever price you make now with the tenants will never be reached in the future.’<sup>25</sup> Whether

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<sup>23</sup> In a question to the attorney-general to Ireland, Farrell asked if ‘his attention had been brought to the case of James Jordan of Derrycassan, Granard who was evicted by Colonel Dopping in 1886...’ *Hansard. 5<sup>th</sup> series*, 9 Mar. 1905, vol. 142, col. 926.

<sup>24</sup> B. O’Grady to Dopping Hepenstall, 15 Mar. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>25</sup> John Lopedell to Sir Henry Grattan Bellew, 14 Apr. 1908 [N.L.I., Bellew papers MS 27,248 (10)]

such views were representative of prices in general or were influenced by the headline grabbing prices paid by tenants of the Leinster estate who purchased their holdings in 1904 is unclear.<sup>26</sup>

The document does not state what O'Grady was to be paid or whether he was incentivised to achieve or better the targets set-out. In the case of the Bellew estate the remuneration of the land agent was agreed at 1 ½ per cent of the sales proceeds.<sup>27</sup> Walker estimated that an amount of 5 per cent of the gross purchase price was usual to cover both solicitor and land agent fees plus other related sales costs when dealing with large to medium size estates but a larger percentage might be necessary for smaller estates.<sup>28</sup>

#### **4.4: The sales process**

The key element of the process was to try and agree prices with the tenants. While influenced by the 'zonal' provisions of the 1903 Act and, indeed the combination of tenants on particular estates, each sales transaction was, under the terms of the act concluded on a tenant-by-tenant basis. The correspondence in the various estate papers examined illustrate this individual negotiation process. Factors that influenced the price included the quality of the land, whether arrears were outstanding, whether the holding had previously been occupied by an evicted tenant, and the comparative prices paid for other estates. In a letter dated 21 February 1906, O'Grady set out a series of price comparisons for similar estates in the Longford area. These comparisons are set-out in Table 4.2 below.

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<sup>26</sup> Chapter 6 examines the sale of the Leinster estate in detail and particularly the issue of the prices paid for land and the associated publicity this received.

<sup>27</sup> Robinson to Sir Henry Bellew, Jan. 1912 (N.L.I., Bellew papers, MS 27290 (2)).

<sup>28</sup> Walker, *The law relating to land purchase in Ireland*, xxxii.

**Table 4.14. Dopping Hepenstall: Comparative prices paid for Longford estates  
1906**

Estate of	Average price	
	2nd Term Rents Years purchase	1st Term Rents Years purchase
J.A. Maconchy	23.2	22.0
Captain White	23.8	20.7
Louisa Jessop	23.0	20.0

*Source:* O’Grady to Dopping Hepenstall, 21 Feb. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

Nor indeed were tough negotiation on price the sole preserve of landlord and tenant. In a letter dated 24 March 1906, O’Grady, commenting on negotiations with individual tenants, made the point:

Should we succeed in arranging terms with the tenants we shall have to go through a good deal of the same business with the Estates Commissioners, who seem anxious to cut down prices wherever they can, of course on the grounds that they do not consider the security sufficient for the purchase money proposed.<sup>29</sup>

To illustrate the point there is a high volume of correspondence between O’Grady and the Estates Commissioners regarding the prices they were prepared to pay for untenanted lands on the Wicklow estate. An inspection was carried out by a Mr Bestall on behalf of the Land Commission. A letter dated 21 February 1907 from the Land Commission valued the lands in question as set-out in Table 4.3 below.

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<sup>29</sup> O’Grady to Dopping Hepenstall, 24 Mar. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

**Table 4.15. Land Commission offer for untenanted lands on the Dopping Hepenstall Wicklow estate 1907**

Land parcel	Area			Price Offered
	Acres	Roods	Perches	£
Ballinashinnagh	172	2	32	788
Brittas No. 1	132	3	9	1,752
Brittas No. 2	54	3	36	786
Brittas No. 3	201	2	17	576
Total				3,901

*Source:* Land Commission to O’Grady, 21 Feb. 1907, (N.L.I., Dopping Hepenstall papers, MS 35836 (11)).

O’Grady’s response to this offer was to seek a meeting with the chief secretary to the Estates Commissioners, Edward O’Farrell. In a letter to Dopping Hepenstall he says that O’Farrell ‘objected to dealing with the matter in that way’.<sup>30</sup> By this he meant O’Grady meeting him directly to discuss Bestall’s offer.

Despite the rather reluctant start, O’Farrell eventually agreed to put Bestall’s report before the Estates Commissioners for reconsideration. O’Grady states in his letter that ‘he [O’Farrell] admitted to me, of course privately, that the prices seemed low.’<sup>31</sup> Some days later O’Grady wrote to Dopping Hepenstall saying that since he had not heard back from O’Farrell he had called into the Estates Commissioners office. There he discovered that the valuation report was being referred to the inspection department but that having spoken to Bestall he was holding firm to his valuation and would defend it vigorously. In the circumstances, O’Grady decided that the best course of action was to seek a second inspection of the lands.<sup>32</sup>

Accordingly, on 13 March, O’Grady wrote to Dopping Hepenstall that ‘the case has

<sup>30</sup> O’Grady to Dopping Hepenstall, 2 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>31</sup> O’Grady to Dopping Hepenstall, 2 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)). The reference to Mr O’Farrell is most likely to Edward O’Farrell who was Registrar to the Land Commission and served as estates commissioner for Ireland (1918-23).

<sup>32</sup> O’Grady to Dopping Hepenstall, 9 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

been referred to Mr Barrington, who is himself a landowner outside Bray and has a high reputation of being a good judge of land, so that whatever the results may now be I think you will have to abide by it.’<sup>33</sup>

The wisdom of seeking a second inspection is borne out in a somewhat triumphalist letter from O’Grady to Dopping Hepenstall dated 21 March 1907:

I went up to the Estates Commissioners yesterday as I heard Mr Barrington had sent in his report, and which had only just arrived but I was successful in getting it brought before the Commissioners at once and I now enclose a letter I received from them this morning offering £4,354 for Ballinashinnagh and Brittas, this I am glad to say shows the substantial increase of £453 on the prices estimated by Mr. Bestall.<sup>34</sup>

Interestingly O’Grady states in the same letter that ‘With regard to Mr. Barrington, I may now inform you that he is a client of mine, in my opinion, one of the most honourable men you could come across’ before adding ‘I do not think you will ever get more for the place.’<sup>35</sup>

The series of correspondence highlights that prices were the subject of hard negotiation between the landlord and tenant but even more significantly between the landlord and the Land Commission which was assiduously concerned about the security underpinning the mortgages provided. It also highlighted that good connections and networks into the Land Commission and land valuation circles were beneficial. Given this, it is surprising that so many deals were concluded under the terms of the act. An interesting footnote also emerges from the correspondence which provides an insight into land values over the nineteenth-century. In a post script to his letter of 21 March, O’Grady noted that ‘when your grandfather bought Ballinashinnagh in 1827 he paid £1,000 for it and that the price [£950] now being offered by the Land Commission when coupled with the Bonus hardly moved at all.’

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<sup>33</sup> O’Grady to Dopping Hepenstall, 13 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>34</sup> O’Grady to Dopping Hepenstall, 21 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>35</sup> O’Grady to Dopping Hepenstall, 21 Mar. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).



Quite apart from the negotiation phase of a sale there was also a very large element of procedural activity involved. The starting point was the preparation and submission by the landlord's solicitor of what was described as an originating application. This was a document that had to be prepared to a format in rules set out by the Land Commission. It had to be lodged with the Title Department of the Estates Commissioners. The document set out in summary form the nature of the vendor's title to the lands, details of the tenancies, a 6-inch Ordnance Survey map mounted on linen with the lands clearly delineated, and signed off by a qualified surveyor.<sup>36</sup> Proofing boundaries could be a difficult exercise as the following comment from O'Grady reveals: 'I saw the surveyor today and he has some difficulty in identifying the boundaries of the lands out of which you receive Head Rents.'<sup>37</sup> It also needed to contain details of any annual charges on the estate and a schedule of encumbrances of any mortgages or other claims outstanding. Adherence to these procedures was paramount to achieving a sale.

The next stage in the formal procedure was for the Land Commission to declare the property to be an estate. The 1903 Act introduced the concept of 'an estate'. In this context, it did not mean an estate in the general sense such as the Leinster or Clonbrock estate. In the case of the Leinster estate, it was for the purposes of the act made up of four individual estates: Maynooth, Kilkea, Castledermot and Athy. In the same way, the Clonbrock estate consisted of seven individual estates: Clonbrock, Ballydonnellan, Castlegar, Quansbury, Lecarrow, Creggaun and Pallas. All of these individual estates related to specific geographic or administrative regions. Obtaining a declaration from the Estates Commissioners that they regarded the lands concerned as an estate was an important step because only estates could be sold under the act. The Estates Commissioners based their decision upon the material contained in the originating application, and as the Dopping Hepenstall papers illustrate, this was not a simple exercise. In a letter to Dopping Hepenstall of 7 December 1907, nine months after prices had been agreed for certain parts of the Wicklow lands, a clearly exacerbated O'Grady wrote:

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<sup>36</sup> Walker, *The law relating to land purchase in Ireland*, p. 6.

<sup>37</sup> O'Grady to Dopping Hepenstall, 23 July 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (12)).

we were told that ... it had been provisionally declared 'an Estate' having been up there [the office of the Estates Commissioners] different times, I ascertained yesterday, that it has not been provisionally declared 'an estate'. ... I requested Mr Mason... to speak to Commissioner Finucane. I went up again specifically today and found that he had not done so, I accordingly informed him and also Commissioner Finucane's private secretary that if possible Monday, if not certainly Tuesday, I would ask for a personal interview with the Commissioner himself as I feel very much this delay after both you and I trying to meet them in every way possible.<sup>38</sup>

While the estate papers do not specifically show when the estate declaration was made it clearly was granted as both estates were sold, albeit some years later.

Following the designation of the property as an estate the individual negotiations with tenant purchasers got underway in earnest. The Dopping Hepenstall papers are rich in correspondence relating to this aspect of the story. As previously mentioned tenants showed themselves to be adroit in applying pressure to the landlord by withholding rent and seeking to have the arrears included in the purchase price. An important step in the process was to conclude deals with tenants and to submit these in the form of a Preliminary Agreement to sell, to the Land Commission for their consideration. The significance of this was that once approved the Land Commission would make payments of interest in lieu of rents and that responsibility for collecting rent was transferred to the Commission. The amount paid was usually 3.5 per cent of the agreed purchase price. As discussed in chapter 3, while this removed any concerns regarding arrears, it did not in all circumstances alleviate the financial pressures that many landlords faced. Landlords still had to cover the costs of running the estate but in the case of highly encumbered situations they had to cover the interest charges which averaged between 4.5 and 5 per cent. Given the long drawn out nature of the process, as illustrated in the Dopping Hepenstall case, this imposed significant pressures on indebted landlords in particular. This circumstance was lessened to some extent by the willingness of lenders to hold off debt collection proceedings on the basis that they would, on completion of the sale, be paid back their money by the Land Commission out of the proceeds.

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<sup>38</sup> O'Grady to Dopping Hepenstall, 7 Dec. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (13)).

The declaration that the lands were regarded as an estate also conveyed some entitlements on the purchasing tenants in that they could opt to sell on their interest in the holding. This is illustrated by the following correspondence from a solicitor representing William Buckley, one of Dopping Hepenstall's Wicklow tenants, who wished to sell his interest in acquiring his holding:

I am acting for William D. Buckley a tenant on your Kilmacanogue Estate and Mr Buckley is considering the advisability of selling his interest in the farm, which is as you are aware the subject of an Agreement for purchase.

It is doubtful whether in the case of a holding the subject of an Agreement, the Landlord has the right of pre-emption, but before advising Mr Buckley in the matter I would be obliged if you would kindly let me know whether you would consent to accept service of the motion and waive any possible pre-emption rights under the Act.<sup>39</sup>

Contemporaneously with the submission of the originating application the vendor's solicitor was required to submit to the Land Commission a 'Form 1 – Notice of Intention to Sell Tenancy'.<sup>40</sup> This document simply put the Land Commission on notice that the landlord intended to sell a tenancy to the tenant. It contained a minimum of detail covering the name by which the lands were known, the location, the size of the holding, the rent paid and the tenement valuation. It did not set out the price to be paid for the holding. The document referred to above is dated 31 March 1904 yet the sale was not completed until August 1914, over ten years later, illustrating the length sometimes taken to conclude a transaction. Once received, the Land Commission would arrange for a surveyor to inspect the lands, who would then satisfy himself that the tenancy was properly described and that the tenant was rightfully in occupation. Following the inspection, the Estates Commissioners, were, if satisfied that there was no valid objection to the sale and that it represented good security, would provisionally sanction the advance.<sup>41</sup> Once the provisional sanction was given the real detailed legal work began. If the Dopping Hepenstall case is

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<sup>39</sup> Shannon Solicitors to Dopping Hepenstall, 29 Nov. 1912 (N.L.I., Dopping Hepenstall papers MS 35,847 (14)).

<sup>40</sup> Notice of Intention to Sell Tenancy to Mary Anne Doherty – Form 1 (N.L.I., Dopping Hepenstall papers MS 35847 (4)).

<sup>41</sup> Walker, *The law relating to land purchase in Ireland*, xxxvii.

representative then it was an enormous task that required professionalism, dedication and tenacity from the parties involved.

#### **4.5: Complications**

In the Dopping Hepenstall case the position was complicated by the existence of a number of head leases on the Wicklow and Longford estates. For example, a head lease held by Alexander Carroll on lands near Ashford, Co. Wicklow required the payment of an annual rent of £74-10-7. This was eventually redeemed by Dopping Hepenstall for £1,863-4-7 representing twenty-five years' purchase. These brief facts however hide the tortuous path trodden by the solicitors representing the vendor and purchaser. Fortunately for this study, the bill for the vendor's legal costs was disputed by Dopping Hepenstall and as a result they were submitted to the Taxing Master of the High Court for adjudication. The submission, forty-three foolscap pages itemised 264 interactions including court appearances, meetings and written communication between Dopping Hepenstall and Carroll's representatives. The initial negotiations were commenced by O'Grady acting for Dopping Hepenstall in a letter dated 10 December 1907 but did not conclude until August 1910. The complication in this case was exacerbated by the fact that the head lease was part of a wider estate owned by Alexander Carroll on which there were a number of annual charges levied by various family members. In order to complete the sale of the overall estate he had to effectively resolve Carroll's problem and cover his costs in doing so. In all likelihood, had he not done so he would not have been able to sell those lands covered by the head lease. Unfortunately for Dopping Hepenstall he had a number of such difficulties with the estate. Another of the head leases was held by a Mrs Mullock and a Mrs Adams and various trustees. The difficulties surrounding that particular lease were not resolved finally until the summer of 1914 having been initiated in early 1906. The resolution of the Mullock Adams head lease required Dopping Hepenstall to engage the services of John Leech, who was one of the leading senior counsels of the day, to make the case to the High Court to allow the transaction to proceed.<sup>42</sup> As with the Carroll case, the complexity here was not of

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<sup>42</sup> Legal opinion of John Leech S.C., 24 Dec. 1910 (N.L.I., Dopping Hepenstall papers, MS 35853 (2)).

Dopping Heppenstall's making but required resolution prior to the sale of the estate. A review of the documentation relating to the Mullock Adams case again highlights the very detailed nature of such transactions involving the swearing of affidavits by upwards of ten family members, significant searches of court and land registry records for documents such as disentailing deeds, deeds of revocation, abstract of title and numerous court applications.

Once the various forms and issues were lodged and agreed with the Land Commission, and it was satisfied that the vendor's title was good, and that the lands involved represented good security, a notice was issued by the Estates Commissioners of their intention to deal with the landlord. A copy of this notice was also issued to any of the parties listed as having an interest in the estate such as creditors, family charge beneficiaries and the Inland Revenue. If there were no challenges to the published notice the Land Commission would then vest the holdings in the purchasing tenants and pay the purchase consideration into the Bank of Ireland. This did not mean that vendors received the payment. In fact, the monies were retained for a period of twelve months to facilitate any claims to be made against the proceeds, including any encumbrances, head rents, tithe charges, quit rents, Board of Works charges and so on. The redemption prices for most of these charges were specified by regulations set by the Treasury.<sup>43</sup> In the event of a dispute arising as to the extent of a particular claim, a notice of motion was prepared by the vendor's solicitor and this was submitted to the Land Court for adjudication.

When the redemption charges were agreed, the examiner, who was a Land Court official, would prepare an allocation schedule. This schedule was forwarded to the vendor's solicitor for review. The solicitor would then go before the judicial commissioner who made rulings on how exactly the proceeds of sale should be distributed. This official also approved the payment of the bonus. On agreement of the Allocation Schedule the vendor's solicitor prepared a Notice of Motion schedule that was submitted to the Judicial Commissioner for final sign off. This notice had a schedule of payments attached to it which set exactly what payments should be made. An accountant of the Land Commission would then prepare bank drafts

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<sup>43</sup> Walker, *The law relating to land purchase in Ireland*, xxxix.

payable to all certified persons with claims on the estate plus, of course, the vendor himself. In the case of encumbered estates, the examiner prepared ‘A final schedule of encumbrances’. This schedule was lodged with the Commission and any person or entity who was dissatisfied with the way their claim was handled could appeal to the judicial commissioner to have their case reviewed. In the Dopping Hepenstall case there were no such claims or contentions made, so on 31 July 1914, over ten years after initial negotiations began, Bernard O’Grady wrote to Dopping Hepenstall:

I enclose you a notification I received this morning from the Land Commission that £10,039 purchase money was placed in credit of this estate [Wicklow] yesterday, and I would draw your attention to the last two paragraphs with reference to the investment of same in the 2 ½ per cent consolidated stock unless application made by you to the contrary within 14 days.<sup>44</sup>

The completion of this transaction involved hundreds of documents and interactions between several parties. The quantity of documents involved was enormous and easily exceeded that which would be the norm for many of the large-scale merger and acquisition deals of modern times. It is clear that the transaction was process driven and that very sophisticated and elaborate administrative and legal frameworks existed. Considering the detail of the administrative processes involved and the number of transactions concluded under the 1903 and subsequent acts, the achievement of the Land Commission was remarkable.

#### **4.6: Evicted tenants**

The issue of evicted tenants had, by 1903, long been a highly emotive issue in Irish life. Section xv of the report of the Land Conference 1902 stated: ‘That any project for the solution of the Irish Land Question should be accompanied by a settlement of the evicted tenants question upon an equitable basis.’<sup>45</sup> Section 2 (1) (d) of the 1903 Act dealt with this request by providing:

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<sup>44</sup> O’Grady to Dopping Hepenstall, 31 July 1914 (N.L.I., Dopping Hepenstall papers MS 35836 (10)).

<sup>45</sup> *The Irish Land Conference, Official report*, 3 Jan 1903 (Dublin, 1903).

A person who within twenty-five years before the passing of this Act was the tenant of a holding to which the Land Law Acts apply, and who is not at the date of the purchase the tenant or proprietor of that holding: Provided that in the case of death of a person to whom an advance under this paragraph might otherwise have been made, the advance may be made to a person nominated by the Land Commission as the personal representative of the deceased person.<sup>46</sup>

The evidence of the Dopping Hepenstall estate sale makes it clear that this was a significant issue and that the claims of evicted tenants and their lineal descendants were taken seriously by the Land Commission. In the Dopping Hepenstall case the passing of the 1903 Act appears to have initiated a spate of correspondence from the relatives of previously evicted tenants. Even before the act became law, a letter dated 3 July 1903 from a Thomas Columb of Clanbrassil Street, Dublin was received by Dopping Hepenstall asking: 'May I venture to ask your kind assistance in an undertaking I have very much at heart. I wish to purchase the late Catherine Columb's evicted farm of land in Larchfield on your terms.'<sup>47</sup> The applicant in this case was the son of the evicted tenant who appeared to have prospered given his address, the fact that he nominated a solicitor to act for him, and his assertion that he was in a position 'to give cash in advance'. Dopping Hepenstall's wrote to Columb's solicitor advising: 'I much regret to say that at present I can hold out no hopes of being able to sell or let the two holdings you mention to Mr Thomas Columb – I am sure he would make a good neighbour and tenant but I am to some extent committed to an assignment I have made for these lands.'<sup>48</sup> As an interesting aside to this application Dopping Hepenstall in a letter to O'Grady stated:

The tenant you name Columb was a case I specially went into years ago with Mrs Columb and the Parish Priest and both agreed that it was not to their advantage to be reinstated; her sons are in good situations (shop men) and she herself had a good house at a cheap rent. The holding she claimed was

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<sup>46</sup> *An Act to amend the law relating to the occupation and ownership of land in Ireland and for other purposes relating thereto and to amend the Labourers (Ireland) Acts 1903*. Section 2 (1) (d).

<sup>47</sup> Thomas Columb to Dopping Hepenstall, 3 July 1903 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>48</sup> Dopping Hepenstall to H. Leechman, 18 Sept. 1903 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

mostly furze bushes and no house. I suppose she only wants it now to sell her interest at once, as it is no good to her.<sup>49</sup>

This comment is revealing in that it shows how a landlord like Dopping Hepenstall viewed the motivation for former evicted tenants to reacquire their holdings. Interestingly, the 1901 census only lists two Thomas Columbs in the entire country. One lived in Westmeath and the other was a 30-year old farmer's son who lived in Sonnagh, Co. Longford, and was shown as unable to read or write. The 1911 census however, records a 38-year old Thomas James Columb as a boarder in the home of Michael Columb in Derrycassan, Co. Longford. This Thomas Columb's occupation was stated as farmer. In neither census is there a Thomas Columb living in Dublin which would imply that his position in life was not as exalted as it might appear.

The papers contain a number of similar requests. For instance, in April 1904 a letter from an Anne Hanlon, the widow of Patrick Hanlon who had been evicted from the Longford estate some eighteen years previously for the non-payment of one year's rent, stated:

The farm we held contained about 12 acres (Irish). About one half of which is in the possession of this landlord, and the remainder is divided between two adjoining tenants ... who hold it in the grazing way – My object in writing to you is – in case terms of purchase are made between the owner and tenants on the above property, that I and my two sons who are living in this locality may get the privilege of purchasing our old holding on the same terms as may be agreed on by the tenants on the state.<sup>50</sup>

This would appear to be the same Hanlon family involved in the incident involving the Dopping Hepenstall estate bailiff, Robert Gillespie, being charged with firing shots at four young men including Edward and John Hanlon. The 1901 census records show an Anne Hanlon and her 22-year-old son Edward, living in Mullinalaghta, Co. Longford which is a townland close to Derrycassan.

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<sup>49</sup> Dopping Hepenstall to O'Grady, 1 Mar. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)),

<sup>50</sup> Anne Hanlon to O'Grady, 4 Apr. 1904 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).



As evidenced in correspondence with O'Grady, Dopping Hepenstall was initially of the view that evicted tenants were unlikely to pose a problem for the sale of the estate:

The tenants themselves do not desire the re-instatement of evicted tenants. It is only the League and as has been done in several other estates ... they may probably waive that point, especially as several of them would like themselves to eventually get the vacant land; where it adjoins their farms. The tenant themselves, I gather would much sooner not have the old and worthless people back (worthless in that they failed as farmers after years of trials and special forgiveness and advantages).<sup>51</sup>

This was despite a letter from O'Grady advising him that the Land Commission: 'informed me that they had to reinstate the evicted tenants.'<sup>52</sup> In a letter the following day, O'Grady cautioned against such an assumption when he wrote: 'As to evicted tenants I quite agree with you but as I mentioned to you yesterday I am afraid the Estates Commissioners themselves will refuse to declare the property an Estate unless the evicted tenants are restored, especially where their holdings are vacant.'<sup>53</sup> The note of caution appears to have had an impact on Dopping Hepenstall because some days later O'Grady wrote to him: 'With reference to the evicted tenants, I gather from your letter that you will be willing to buy the interests of the majority of them rather than let them back.'<sup>54</sup>

The reference by Dopping Hepenstall to 'the League' (U.I.L.) in the letter cited above, highlights the fact that it was active in Longford. A report by the inspector general in October 1907 reported: 'the area which is disturbed owing to anti-grazing agitation has increased in size, and the agitation has been carried on with greater vigour. The counties of Roscommon, Clare, Longford and Meath and both Ridings in Galway are in worse condition than in the month of September.'<sup>55</sup> Fergus

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<sup>51</sup> Dopping Hepenstall to O'Grady, 21 Feb. 1906 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>52</sup> O'Grady to Dopping Hepenstall, 21 Feb. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (14)).

<sup>53</sup> O'Grady to Dopping Hepenstall, 22 Feb. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>54</sup> O'Grady to Dopping Hepenstall, 27 Feb. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>55</sup> Inspector General's monthly report, Oct. 1907, NA IGCI/12.

Campbell described how the U.I.L intimidated Harris Martin who in November 1907, took the lease on a 57-acre farm grazing farm in the townland of Lismore not far from the Dopping Hepenstall, Derrycassan estate. Martin decided to initiate a legal action against the *Longford Leader*, which he claimed was behind the intimidation. The campaign of social ostracism worked in that Martin's employees left and eventually Martin himself was forced to vacate the farm.<sup>56</sup> Dopping Hepenstalls view of facing down the U.I.L. was echoed by John Lopadell, Lord Bellew's land agent, in a letter in April 1908. Referring to potential trouble on the estate he pleaded with Bellew; 'No matter how annoying it may be, I certainly would not give to the League (or the individuals who are working it) the satisfaction of upsetting the sale.'<sup>57</sup>

The approaches of evicted tenants were not restricted to the landlord or his agent as the following letter from the Land Commission highlights;

I am directed by the Estates Commissioners to inform you that Richard Chapman who they understand was evicted from a holding on the above [Wicklow] estate has applied to them to assist in his restoration to the said holding which now appears to be in the occupation of Mr Carroll or, in lieu thereof, to be provided with another holding.<sup>58</sup>

Whether requests for reinstatements by evicted tenants were motivated by opportunistic reasons as suspected by Dopping Hepenstall or sentimental attachments to family holdings is impossible to say at this juncture. It is, however, clear from the correspondence that the position and pleadings of evicted tenants was taken seriously by the Land Commission and that they were open to approaches being made to them as to their reinstatement.

There is little doubt that section 2 (1)(d) of the act was a genuine effort by Wyndham to address the problem of evicted tenants and their descendants. However, as identified by estate commissioner W.F. Bailey, the 1903 legislation proved too

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<sup>56</sup> Fergus Campbell, *Land and revolution, Nationalists politics in the west of Ireland 1891-1921* (Oxford, 2005), p. 143.

<sup>57</sup> John Lopadell to Sir Henry Grattan Bellew, 14 Apr. 1908 (N.L.I., Bellew papers, MS 27,248 (10)).

<sup>58</sup> Land Commission to Dopping Hepenstall, 14 Dec. 1906 (N.L.I., Dopping Hepenstall papers, MS 35853 (6)).

cumbersome and it required the enactment of The Evicted Tenants Act of 1907 to more fully address the particular plight of such claimants.<sup>59</sup> Bailey calculated that up to the 31 March 1916, 13,656 persons had applied to the Land Commission for holdings of evicted tenants. Of these, 7,338 were rejected by the Commissioners after enquiry, 2,469 did not apply within the prescribed time, 3,472 were reinstated and 377 cases were under consideration.<sup>60</sup>

#### **4.7: The part played by Catholic priests**

The reference to the parish priest in Dopping Hepenstall's letter to O'Grady of 1 March 1906 highlighted another recurring theme in land sales, namely the role of priests in representing their parishioners. The correspondence also indicated both Dopping Hepenstall and O'Grady were willing to engage with them in resolving difficulties with tenants. There are numerous references to Fr Michael Corcoran parish priest of Gowna, Co. Longford, who interceded on behalf of tenants. He was a native of nearby Ardagh and was responsible for the building of the church of the Holy Family in Gowna in 1906.<sup>61</sup> Similarly, in the case of the Wicklow estate there are references to Fr James Dunphy, parish priest of Arklow, who was acted as a representative of the tenants. Until his death in 1914, Fr Dunphy spent over fifty-seven years working in the parish and was prominent in dealing with politicians, trade unionists, and other social movements.<sup>62</sup> The correspondence suggests that they were sufficiently familiar with each other to have informal conversations relating to individual tenants such as Mrs Carroll, a Wicklow estate tenant, who was in a rent arrears situation, O'Grady noted that 'Father Dunphy is very much disappointed and is sick of her.'<sup>63</sup> Another example of this can be seen in a letter from Dopping Hepenstall to O'Grady in July 1907 when he wrote:

I sent you by registered parcel post yesterday 34 agreements signed. There are several more which Fr Corcoran is today bringing pressure to bear upon

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<sup>59</sup> Bailey, *The Irish land acts*, p. 30.

<sup>60</sup> *Ibid.*

<sup>61</sup> *Anglo-Celt*, 11 Dec. 2009.

<sup>62</sup> Jim Rees, *Split personalities, Arklow 1885-1892* (Wicklow, 2012).

<sup>63</sup> O'Grady to Dopping Hepenstall, 20 Oct. 1906 (N.L.I., Dopping Hepenstall papers, MS 35,843(3)).

others who would not come in and sign... Fr. C. is much annoyed about it and I believe expressed himself strongly today to them.<sup>64</sup>

That priests should have been so heavily involved in this area should not come as a surprise given their involvement in the Land League in the concluding decades of the nineteenth century. Foster estimated that as much as one-third of Land League Convention members were priests.<sup>65</sup>

#### **4.8: Conclusion**

The Dopping Hepenstall case illustrates a number of previously unexplored aspects relating to how land transactions were conducted following the introduction of the Wyndham Land Act 1903. A key feature of such transactions was their administrative and legal complexity. Given one of Wyndham's stated objectives was to simplify the processes involved in land sales, it raises a question as to how complex transactions must have been under the earlier land acts. The case study also highlights how drawn out the whole sale process was. The sale of the Dopping Hepenstall estates took almost ten years to complete from the initial approach by tenants to the ultimate receiving of cash into his bank account. As will be seen in chapter 6 it took a similar period for the sale of the Clonbrock estate in Galway to be completed. A third element relates to the role of the professional advisor in the transaction; Bernard O'Grady the land agent and the solicitor, comes across as a particularly professional, efficient and well-connected individual in terms of his dealings with the Estates Commissioners Office, the Irish Revenue authorities and other landlords. His role was vital in bringing about the completion of the sale. Not all landlords would have been as well served.

The case highlights the range of issues that could arise in the management of an estate, including the collection of rents; dealing with rent arrears situations; complexities relating to head leases; internal family disputes and the concluding of a transaction to sell the estate. The Dopping Hepenstall story also highlights the

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<sup>64</sup> Dopping Hepenstall to O'Grady, 21 Jul. 1907 (N.L.I., Dopping Hepenstall papers, MS 35836 (8)).

<sup>65</sup> R.F. Foster, *Modern Ireland 1600-1972*, p. 417.

complications of having to deal with evicted tenants and the relatives thereof. Contrary to earlier perceptions held by Dopping Hepenstall the case highlights the fact that the Land Commission took seriously the issue of evicted tenants and the claims in several instances of their lineal descendants.

The early and unsolicited approaches of tenants on both the Dopping Hepenstall estates show that they were eager to avail of the opportunity to purchase their holdings afforded by the Wyndham Land Act. Their actions in combining and in appointing professional parties to represent them in negotiations showed a degree of determination to become their own masters. They utilised the United Irish League to their advantage and were not averse to applying pressure to the landlord by withholding rent albeit under the pretext of a bad harvest. While the estates covered by the study were not heavily encumbered it does highlight the pressure that could be applied to more hard-pressed landlords.

## Chapter 5: The investment environment in the opening decades of the twentieth century

### 5.1: Introduction

When introducing his Irish Land Bill 1903, George Wyndham expressed the need to find a solution to the Irish land question that would enable landlords to sell their estates at a price that would allow them to ‘sell without walking into the workhouse.’<sup>1</sup> To achieve this, he was conscious that the price to be paid, along with the controversial bonus, had to be at a level that the capital available if invested at a certain rate of interest would yield a net income broadly equivalent to that received from the net rentals from an estate. Wyndham did not refer to a specific rate of interest that might be used to estimate this net income but many contemporary newspapers and guides to the 1903 Land Act referred to a rate of interest of 3.5 per cent.<sup>2</sup> Section 51 of the act, which dealt with how trustees of estates subject to life interests, might invest the proceeds, listed a range of corporate and government bonds that might be used. The average yield from such bonds was between 3.25 per cent and 3.5 per cent.<sup>3</sup> Section V of the Official Report of the Irish Land Conference in 1902 refers to a return of between 3 per cent and 3.25 per cent as the appropriate level of return upon which to base the principal calculation.<sup>4</sup> The following example will make this clearer. Assume a landlord had an annual rental income of £10,000 which was subject to annual charges such as mortgages, head rents and family charges of £4,000, yielding a net income of £6,000 per annum. To achieve the same level of net income after expenditure such as redeeming any mortgages, buying out head rents and family charges, the landlord would need to be left with net sales proceeds of £171,428 ( $£6,000 / 3.5 \text{ per cent} \times 100$ ). If he invested £171,428 at 3.5 per cent he would generate an annual income of £6,000.

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<sup>1</sup> *Hansard 4<sup>th</sup> series*, cxx, 189 (25 Mar. 1903).

<sup>2</sup> Walker, *Law relating to land purchase*, p. xxxv.

<sup>3</sup> Irish Land Act 1903, section 51, Appendix A, Table D.

<sup>4</sup> *The Irish Land Conference, Official Report*, 3 Jan. 1903, p. 2.

The purpose of this chapter is to provide an insight into the investment environment prevailing in the early years of the twentieth-century, and the investment options open to selling landlords as they transitioned from rentiers to investors. Political, civil and social issues aside, the decision faced by landlords as to whether to sell or not was of a very high order of magnitude and one which required them to break out of a long period of personal financial inertia, and which forced them to consider many uncertain economic outcomes. It is one of the recognised principles of investment psychology that the fear of loss is much greater than the hope of gain and it is likely that this would have loomed large in the thought process of landlords when considering whether to sell or not.<sup>5</sup> Kahneman and Tversky described this phenomenon as: ‘The basic intuition concerning loss aversion is that losses loom larger than corresponding gains.’<sup>6</sup> Human nature has not changed that much since the early twentieth century so it is safe to assume that the uncertainties that exist today in terms of investment behaviours applied equally to Irish landlords in the opening decades of that century.

Investment markets are, and indeed would have been in the early twentieth century, categorised under four broad headings namely: stock-market investments such as bonds, company debentures and direct equities, commercial and residential properties, mortgages and finally direct investment in commercial ventures such as ranching in north America or the Antipodes. Irish landlords in the first two decades of the twentieth century had the advantage of being closely connected with the then epicentre of global financial markets, London, and accordingly might have been expected to be familiar with the fundamentals of investment. The London Stock Exchange was by far the largest and most important financial market in the world. The American economist, C.A. Conant, observed in 1904 that ‘Great Britain easily

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<sup>5</sup> Risk aversion theory in terms of investment is based on the idea that people place a higher emotional rating on the fear of making a loss than they do on the expectation of making a gain. While investment managers have been aware of this concept for hundreds of years, the theory was formalised by Daniel Kahneman and Amos Tversky in 1992 see ‘Advances in prospect theory: Cumulative representation of uncertainty’ in *Journal of Risk and Uncertainty* (1992), vol. 5, No. 4, pp 297-323.

<sup>6</sup> Amos Tversky and Daniel Kahneman, ‘Loss aversion in riskless choice: A reference-dependent model’ in *The Quarterly Journal of Economics*, vol. 106, no. 4 (Nov. 1991), p. 1047.

leads the world in the volume of her stock exchange business'.<sup>7</sup> A member of the New York Stock Exchange, R.M. Bauer, noted in 1911 that 'The London Stock Exchange is the only really international market in the world. Its interests branch over all parts of our globe.'<sup>8</sup> The growth in stock exchange activity reflected a major shift in the wealth structure of Britain. In 1850, financial assets such as stocks and shares, mortgages and bank deposits represented 39 per cent of all assets held by British people. The remaining 61 per cent consisted of real property such as land and buildings. By 1912-13, however, financial assets accounted for over 64 per cent of total British wealth.<sup>9</sup>

Every national British and Irish newspaper contained market news columns, and journals such as the *Economist* (1843), *The Financial Times* (1888) and the *Financial News* (1884) catered for an ever-growing interest in investment markets. The London Stock Exchange had almost 5,000 members by 1903, double the number of just ten years earlier.<sup>10</sup> Even the relatively small Dublin Stock Exchange had eighty-five members dealing in financial securities in 1900 and eighty-eight by 1914, having had only thirty members some fifty years earlier.<sup>11</sup> In the early twentieth century membership of exchanges was exclusively male (the first female member of the London Stock Exchange was not elected until 1973) and drawn mainly from the public school system.

The socio-economic background of Stock Exchange membership meant that many Irish landed families such as the FitzGeralds (Leinster estate), the Dillons (Lord Clonbrock's estate), and the Wyndham Quins (Earl Dunraven's Adare estate) had close familial ties with many of the leading players in London financial markets such

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<sup>7</sup> C.A. Conant, *Wall Street and the country, A study of recent financial tendencies* (New York, 1904), p. 147.

<sup>8</sup> London Stock Exchange, General purposes minutes, 15 May 1911, quoted in Ranald Michie, *The London Stock Exchange – A History* (Oxford, 2004), p. 70.

<sup>9</sup> Michie, *London Stock Exchange*, p.71.

<sup>10</sup> A 'member' is a person or an organisation authorised by the London Stock Exchange, or indeed any Stock Exchange, to carry on dealings in financial securities on the exchange. Members fall into two main categories either brokers (who act as agents for others) or dealers (who act for themselves or their organisation). To be elected a member a person must be nominated by a number of other members, must meet certain financial criteria and be of good standing. Only members or their organisations can trade on an exchange.

<sup>11</sup> W.A. Thomas, *The stock exchanges of Ireland* (Liverpool, 1986), p. 55.



as Ernest Cassells, Nathaniel Rothschild and Arthur Kinnard. Numerous examples of the interaction between the Irish landed gentry and the investment elites pervade Lady Fingal's memoirs, such as her relationship with Ernest Cassells of whom she said: 'He was always wanting to invest money for me. If I had accepted his offers I should be very rich to-day.'<sup>12</sup> Similarly, she recounted that: 'We stayed several times with the Rothschilds at Tring. Lord Rothschild had always been a friend of mine. And the Leo Rothschilds were very kind, asking Maime to hunt from their place, Ascott, close by.'<sup>13</sup>

For many of the less influential or connected Irish landed families, access to investment advice was often provided by their professional advisors such as their solicitors, accountants or land agents. While the intricacies of investment management might have seemed like a black art to many there was no shortage of awareness of financial markets or practitioners seeking to provide advice to former landlords with money to invest.

For all this sophistication, there was, however, the ever-present concern regarding investment, namely the risk / reward trade-off and the inevitable uncertainty that accompanies all investment decisions.<sup>14</sup> Risk in this context is different to what is termed volatility. Volatility refers to the process whereby the value of an investment might go up or down over a period depending on market conditions whereas risk relates to the permanent loss of value of an investment. Investors should always be more concerned about risk than volatility. From the family papers examined for this study it is clear that most of the landlords who sold their estates under the Wyndham Act choose to invest through either the London or Dublin Stock Exchanges, particularly the former. For this reason, this chapter will mainly focus on the

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<sup>12</sup> Elizabeth, Countess of Fingall, *Seventy years young* (Dublin, 2009), p. 189.

<sup>13</sup> *Ibid.*, p. 337.

<sup>14</sup> The key investment principle to grasp as regards the 'risk reward trade-off' is that the higher the level of return sought the higher the level of risk that must be taken on. If we assume that there is very little chance of a major sovereign country such as Britain, Germany or the US defaulting on their debt then we take that to be the risk-free return on money. Thus, if a short dated (i.e. with a maturity date of less than five years) British Government bond yielded say 2.5 per cent per annum then this might be said to be the risk-free return on money. If an investment offers more return than 2.5 per cent it has a higher level of risk attaching to it. The higher the return the higher the risk.

investment environment relating to the financial securities traded on these exchanges.

## **5.2: Stock market investments**

Any review of the investment market environment during the period 1850 to 1930 must be looked at in terms of pre-and post- First World War. The changes brought about by the war, not just in terms of the economic world order, but in the structure of investment markets, were profound. In the aftermath of the war, the balance of economic and financial influence shifted clearly westward from Europe and specifically London to the United States of America. No more would London be regarded as the epicentre of the financial world.

The significant growth in the volume of securities traded on the London Stock Exchange from the mid-nineteenth century up to the opening decades of the twentieth-century was only one dimension of the seismic changes that were taking place in global financial markets. Arthur Balfour observed in 1909 that: ‘the bulk of the great fortunes are now in a highly liquid state... They do not consist of huge landed estates, vast parks and castles, and all the rest of it.’<sup>15</sup> As noted by David Cannadine, many of the British aristocracy: ‘saw their economic supremacy threatened by this new form of wealth, which was in greater amounts, was in more liquid form, was less vulnerable to political exactions, and carried with it fewer obligations.’<sup>16</sup> As Appendix 5.1 highlights, there was also a major change occurring in the type of security being traded in the market. In 1853, for example, of the £1,215.2 million of securities listed on the London Stock Exchange almost 76 per cent of these represented government or municipal bonds, with only 24 per cent of the overall market value being made up of corporate financial instruments such as shares and debentures. Of these corporate instruments, almost two-thirds were domestic railway stocks. Most were what are known as ‘preferred stock’ which is in

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<sup>15</sup> Cannadine, *The decline and fall*, p. 91.

<sup>16</sup> *Ibid.*

effect a loan stock attracting a specified percentage dividend rather than the 'ordinary shares' that we are more familiar with today.<sup>17</sup>

By 1903 the value of securities quoted on the London market had risen to just under £7 billion. Of this total 39.5 per cent represented government and municipal bonds and 60.5 per cent corporate instruments. A further shift occurred in that more than 56 per cent of the bonds traded were drawn on colonial governments. Even in the value of corporate securities traded almost 50 per cent were for overseas entities. London was now the prime international financial centre and the Stock Exchange was at the centre of this development.

The growth in overseas investment by British, and by extension Irish, investors in the period 1860 to 1914 is unparalleled in economic history. In terms of the percentage of overall national wealth, which included all land, commercial and residential property as well as all other forms of wealth, overseas investment grew from 7 per cent in 1850, to 14 per cent in 1870 to 32 per cent by 1913.<sup>18</sup> By the start of the First World War almost one third of all British wealth was invested overseas. No country before or since has ever invested so much of its wealth in overseas projects.

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<sup>17</sup> Shares in companies fall into two broad categories. Today, the most regularly traded form of shares is 'ordinary shares'. These shares may or may not pay a dividend to the holder and their value tends to fluctuate with both the market and the company's fortunes. Such shares rank behind all other stakeholders in the event of a company being wound up. Similarly, if a company prospers the ordinary shareholders tend to be the main beneficiaries. The other class of share is what is referred to as a Preference or Preferred share or even sometimes as a debenture. The term preference is derived from the fact that in the event of the winding-up of a company the holders of preferred shares rank ahead of ordinary shareholders in receiving a pay-out. Preferred shareholders generally receive an annual fixed percentage dividend or coupon but tend not to benefit in any capital upside in the value of the company unless they are what are called 'participating preference shares'. Preference shares are in effect a loan to a company hence the certificate that proves ownership is often referred to as a 'loan note'. The use of preference shares tends to be influenced by credit markets and what are often referred to as 'balance sheet considerations'. In the nineteenth century and indeed at certain periods during the twentieth and even the twenty-first century, when banks were reluctant to lend money due to either their own liquidity problems or concerns about a particular industry, companies use the 'preference share route to raise capital. Since the late twentieth-century companies have tended more to source funding from capital markets rather than through issuing preference shares to individuals or institutions.

<sup>18</sup> Michael Edelstein, 'Foreign investment, accumulation and Empire, 1860 – 1914' in Roderick Floud and Paul Johnson (eds) *The Cambridge economic history of modern Britain, vol ii, Economic maturity, 1860 – 1939* (Cambridge, 2010), p. 191.

The period from 1860 to 1913 was largely free of either monetary crisis excluding the collapse of City of Glasgow Bank in 1878 or the near collapse of Barings Bank in 1890 or apart from the Franco-Prussian War of 1872 or the Boer War, of major international conflict. It was also a period of strong economic growth domestically and internationally, fuelled by the railway boom and the need to provide transport infrastructure in many of Britain's far flung colonies as they sought ways of supplying the voracious British market with primary products like food and mineral resources. During the period 1865 to 1914 almost 70 per cent of new stock and bond issues on the London Stock Exchange went into what is termed 'social overhead capital' such as railways, docks, tramways, telegraphs and telephones and gas and electricity generating companies, 12 per cent related to extractive industries (mining and agriculture) with only 4 per cent going into manufacturing industries.<sup>19</sup>

Investment and financial markets thrive on this type of political stability and economic growth and the period to 1913 was no exception. As happened many times before and since when markets enjoy long periods of stability investor appetite for risk tends to increase and thus the last decades of the nineteenth-century saw a significant increase in stock market investments in higher risk emerging sectors such as the oil industry, mining, and emerging technologies like wireless and electricity generating companies. Chapter 6 will provide numerous examples of this type of investment in the portfolios of Irish landlords.

The emergence of colonial and indeed international bonds provided investors with a significantly higher level of return than available from the traditional British consols. An example from the *Irish Times* stock market report column illustrates the range of securities available:

The following are the principal changes not mentioned in the table: -  
Argentine 4 p.c. bonds 1897-1900,  $\frac{1}{4}$  to  $86\frac{3}{4}$ , Brazilian 5 p.c. Railway Guar.  
Recission Bonds  $\frac{1}{2}$   $85\frac{1}{2}$ , Honduras Government Railway Loans,  $\frac{1}{4}$  to  $7\frac{3}{4}$ ,  
Buenos Ayres Great Southern 4 p.c. Extension Shares  $\frac{1}{2}$  to  $11\frac{1}{2}$ , Leopoldina  
Pref  $\frac{1}{8}$  to  $10\frac{7}{8}$ .<sup>20</sup>

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<sup>19</sup> Ibid. p. 195.

<sup>20</sup> *Irish Times*, 22 Feb. 1908.

The reasons for the growth in overseas investment during the late nineteenth century and early twentieth century is the subject of debate among economic historians. One argument is that the funds were invested abroad because there was little demand and, therefore, poor investment returns offered in the domestic market.<sup>21</sup> The second school of thought was that the higher returns offered particularly by colonial governments, which were for all practical purposes guaranteed by the British Government, were simply too alluring for investors to resist.<sup>22</sup> It should be borne in mind that during this period, British government debt principally funded by the issuance of consols was relatively small in amount. In a period of balanced budgets there was little demand for funding and it was only in the event of war that there was a need to raise finance. As the century progressed, however, this situation would change dramatically as successive governments, not just in Britain, but throughout the world, succumbed to internal pressures to fund economic expansion and social expenditures.

The reason for the growth in overseas investment was down to the levels of return available. Edelstein has calculated rates of return from investment in railway securities during the period 1870 to 1913. Railway securities accounted for a significant portion of all investment both domestic and internationally, in the period. Table 5.1 below clearly indicates that over a sustained period the returns available overseas were significantly ahead of those from investment in domestic railway operations.

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<sup>21</sup> Robert Rowthorn and Stephen Solomon, 'The macroeconomic effects of overseas investment on the UK balance of trade, 1870-1913' in *Economic History Review* (1991), vol. 44. pp 654-64.

<sup>22</sup> Edelstein, 'Foreign investment, accumulation and Empire, 1860-1914', p. 193.

**Table 5.16. Realised rates of return on quoted railway securities 1870-1913**

<b>Region</b>	<b>Equity Per cent</b>	<b>Debentures Per Cent</b>
United Kingdom	4.33	3.74
Eastern Europe	2.58	5.33
Western Europe	6.31	5.28
India	4.97	3.65
United States	8.41	6.03
Latin America	8.43	5.33

*Source:* Edelstein, 'Foreign investment, accumulation and Empire, 1860 – 1914', p. 198.

A similar situation existed with regard to British and colonial bonds. The ten-year average yield on Consols for the period 1900 to 1910 was 2.79 per cent and 3.81 per cent for the decade 1910 to 1920.<sup>23</sup> The yield on most bonds issued by colonial governments well exceeded that available on domestic bonds. Considering that virtually all colonial bonds were issued in Sterling, thus avoiding any exchange risk, and were effectively subject to a quasi-British Government guarantee, it is easy to understand how investors were attracted to this type of arbitrage position.<sup>24</sup> Table 5.2 below shows a small sample for a given day in 1910 of a selection of bonds traded on the London Stock Exchange and the real yields thereon.

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<sup>23</sup> Sidney Homer and Richard Sylla, *A history of interest rates* (New Jersey, 2005), p. 446.

<sup>24</sup> In financial markets arbitrage is the practice of taking advantage of a price difference between two or more markets for the same security. Investors in the case of colonial bonds could obtain significantly higher return for similar dated bonds with equivalent underlying risk factors, in this case a British Government guarantee. The colonial bonds were not strictly guaranteed by Britain but it would have seriously undermined confidence in the Empire if the bonds were ever defaulted on. Investors were therefore prepared to take on the level of risk associated with a moral guarantee and hence their taking up of colonial stocks.

**Table 5.17. Sample sovereign bond prices on 12th January 1910**

Stock	Traded Price	Yield
	£-s-d	Per cent
British 2 1/2 per cent Consol	82-10-00	3.03
Canadian 4 per cent stock	100-00-00	4.00
Cape of Good Hope 4 per cent stock	102-00-00	3.92
Indian 3 1/2 per cent stock	96-05-00	3.64
Western Australia 3 1/2 per cent stock	98-00-00	3.57

*Source: Irish Independent, 12 Jan. 1910.*

The point illustrated by the above examples is that a potential vendor of land under the Wyndham Land Act could quite easily see that he could beat the benchmark yield of 3.5 per cent that underpinned the act's expectation of return. By taking on a higher risk profile, such as that available on corporate debt like that of the yield on railway stocks, an even higher level of return could be obtained. In these circumstances a vendor under the act who invested in a reasonably diversified portfolio of stocks and bonds could reasonably be expected to see an improvement in his living standards compared to that received from rent as a landlord and free of the distractions or pressures associated with estate management or dealing with demanding creditors.

Against these expected yields, however, must be weighted the potential for capital loss or indeed gain should the value of the underlying security fluctuate. Such considerations in the opening decade were, as stated earlier, against an economic and investment background of relative stability for the previous sixty years or so. However, what lay in store, over the next ten years, was anything but stable.

The outbreak of war on 4 August 1914 caught financial markets by surprise. Hartley Withers, a leading financial journalist and author of the 1910 standard, *The meaning of money*, observed in 1915 that 'It [the War] came upon us like a thunderbolt from a

clear sky.’<sup>25</sup> Economist, Professor William Kirkaldy, wrote in 1915 that ‘the outbreak of war took the financial world by surprise.’<sup>26</sup> Many historians have placed the First World War in the context of the emerging struggle for economic supremacy among the major European powers and saw it as an inevitable consequence of such power-plays; financial markets did not, nor one suspects did investors, such as former Irish landlords who had sold their estates under the Wyndham Land Act.

As evidenced by the above quotes the outbreak of war engendered great fear and uncertainty among investors and for former Irish landlords who held investment portfolios it would have been a stressful time. These fears would have been fuelled greatly by the suspension of stock exchange activities throughout the world in the immediate aftermath of the commencement of hostilities. Fears of a major fall in the value of securities resulted in a rush to liquidate share and bond portfolios by individuals and institutional investors. To prevent this, stock exchanges and bourses across the world suspended dealing and effectively closed. Exchanges in London, Paris, Berlin and New York all closed their doors on 31 July 1914. The New York Stock Exchange remained closed until late December 1914 and London until 4 January 1915.<sup>27</sup>

When exchanges did eventually reopen, the trade in securities had changed from the pre-war days. The price of securities such as government bonds were impacted by news from the Front. A military reverse or victory could send values crashing or spiralling. The use of options to build up a speculative position in a particular security was banned by the Treasury and purchases or sales by overseas investors were vetted it also.<sup>28</sup>

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<sup>25</sup> Hartley Withers, *War and Lombard Street* (London, 1915), p. 1.

<sup>26</sup> A. W. Kirkaldy, *Credit, industry and the War* (London, 1915), p. 245.

<sup>27</sup> Michie, *London Stock Exchange*, p. 145.

<sup>28</sup> An option is a right to buy or sell a share at a particular price. An option holder pays what is called an option premium. An example best illustrates the concept. If a share is trading at 100 and a person thinks that the share will rise to say 150. The person holding the actual share may sell an option to the person who feels the share will rise to 150 for say 10. This option entitles the option holder to buy the shares at 150. If the shares subsequently go above 150 he buys the shares at 150 and he is in profit. If it does not go above 150 he simply lets the option lapse and he loses his 10 that he paid for the option. Options are used for people who want to take a ‘position’ on a particular security without having to purchase the actual share. It enables the option holder to ‘leverage’ his position. In the case of the above example let’s say the person wishing to buy the option has £100,000 cash. If he thinks the



The war had very profound effects on the nature of securities traded on the London Stock Exchange. The key change was that it became a mechanism to fund the war effort. To illustrate the extent of this, Britain's unfunded short-term debt position in 1913 was £31.5 million whereas by 1919 this had risen to £7,096.7 million.<sup>29</sup> Prior to the war, Britain's annual defence budget was £50 million. Following the outbreak of hostilities, it was £5 million per day.<sup>30</sup> While taxes increased three-fold, only 28 per cent of expenditure was funded from this source, the remainder coming from borrowing. Massive advertising campaigns were run throughout the war appealing for people to support their empire. Full page advertisements like that shown in figure 5.1 were run seeking support for War Loan bonds and these were heavily subscribed to. As the review of the portfolios covered in Chapter 6 will illustrate, Irish landlords were not slow in responding to the call to buy War Bonds. An indication of the support for such issues can be gauged from the fact that in 1913 it was estimated that one million people in Britain and Ireland held Stock Exchange traded securities whereas by 1918, over 13 million people held securities principally because of the purchase of War Loan stock.<sup>31</sup>

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share is going to rise he could simply buy the stock at £100 and thus he would have 1,000 shares. If the price went to say £175 and he then sold the shares he would make a profit of £75,000 (1,000 x 75). If on the other hand, he used the £100,000 to buy options at £10 he would have an entitlement to buy 10,000 shares at £150. If the shares subsequently rose to £175 as before his profit would be £150,000 (10,000 shares at a profit of £25 per share less the cost of buying the option 10,000 by £10). Options can be used to buy shares and are termed 'long' or to sell shares and are termed 'short' options.

<sup>29</sup> Michie, *London Stock Exchange*, p. 165.

<sup>30</sup> John Steele Gordon, *The great game – A history of Wall Street* (London, 1999), p. 207.

<sup>31</sup> Michie, *London Stock Exchange*, p. 174.

Figure 4.1 Advertisement for War loan stock from *Daily Mail* 26 June 1915



The Treasury actively discouraged citizens of Great Britain and Ireland from holding overseas stocks. The Clonbrock papers, for example, show that there was an active campaign by the Treasury to encourage the holders of overseas stocks to sell them and repatriate the funds to Britain, and to buy War Loan Stock. In the case of investors holding U.S. dollar denominated stock the Treasury requested that:

On and after January 1<sup>st</sup>, 1916, holders of American (including certain Canadian) dollar securities are invited to place their securities at the disposal of the Treasury. The Treasury will be prepared to purchase such securities which are in their opinion suitable for the purpose in view at the current market price the purchase money to be paid at the sellers' option either in

cash or in 5 per cent. Exchequer Bonds falling due 1<sup>st</sup> December 1920, at par.<sup>32</sup>

The Treasury used the securities bought-in or loaned under this initiative as collateral for credit extended by the United States to Britain. Michie has estimated that of the \$5.4 billion worth of U.S. securities held by international investors prior to the war only \$1.6 billion was held in 1919.<sup>33</sup>

The consequence for investors was that investment portfolios grew less geographically diversified than heretofore and more concentrated on War Loans, whose long-term value was of course dependent on a British victory in the war. The financial risk associated with investment portfolios that were heavily invested in War Loan stock would at times have been extremely high, particularly when the Allies suffered military setbacks such as that received in the Somme offensive. If the investment portfolios of Irish landed families examined in this study were representative of those of others who sold under Wyndham it must indeed have been a time of great concern and anxiety. Not alone were they faced with the personal tragedies of war experienced but also at times a very uncertain financial future, for had Germany triumphed, British government backed bonds such as War Stock and, most likely, Land Bonds would have been worthless.

As chapter 6 will show investment portfolios prior to the First World War were quite international in terms of the stocks included. For example, 71 per cent of all new issues on the London Stock Exchange during the years 1910 to 1913 were for overseas projects and borrowers. This came to an end during the war when access was restricted to the British government.<sup>34</sup> International fundraisers looked to New York thereafter as a source of funding and thus the London Exchange became predominantly a domestic market with consequences for how investment portfolios were structured.

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<sup>32</sup> Extract from Treasury memorandum published in the *London Gazette* on 17 and 21 Dec. 1915 (N.L.I., Clonbrock papers, MS 35,816 (13)).

<sup>33</sup> Michie, *London Stock Exchange*, p. 168.

<sup>34</sup> Michie, *London Stock Exchange*, p. 173.

A change also occurred in the nature of securities held in portfolios. The period from 1900 to 1914 saw a major shift away from government-backed bonds to corporate debt. In 1913, it was estimated that only 5 per cent of national wealth was in the form of British government-backed debt whereas 18 per cent was in corporate debt. Because of the amount of War Loan stock issued (£7 billion) and the expansion of social spending in the 1920s, British government debt expanded to where the securities underpinning this represented 18 percent of overall national wealth. National debt in Britain, and, indeed, most other countries, was now regarded as a permanent feature of economic life and not influenced by involvement in military campaigns.

Viewed from a contemporary perspective, it might be reasonable to see the growth in government-backed bond issues as a source of low-risk, income-producing investment opportunity. This would not have been the experience for investors in the opening decades of the twentieth century. Between 1900 and 1929 the capital value of consols declined in value by over 45 per cent. In 1900, consols were priced at an annual average of 99.625 whereas in 1929 their average value was 54.375.<sup>35</sup> The decline was constant during this period and the decline in value is regarded by stock-market historians as the greatest bond bear market in history.<sup>36</sup> Thus, while investors in the opening decades of the twentieth century could look forward to an almost certain level of income from an investment in consols, it was against a background of continual capital decline. This situation was exacerbated by the fact that consols, and indeed all bonds issued by the Treasury up to 1917, were perpetual in nature, with no fixed maturity date.<sup>37</sup> The alternative was to invest in higher yielding corporate bonds or equities, all of which came with a significantly higher risk profile. This was the securities market environment for Irish landlords as they sought

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<sup>35</sup> Homer and Sylla, *History of interest rates*, pp 446-7.

<sup>36</sup> A bear market is one where the value of a security declines continually. The particular bear market referred to in this chapter existed from 1896 until 1932. In the period 1896 to 1931 bond values declined by over 62 per cent.

<sup>37</sup> A perpetual bond is one that does not have to be redeemed by the issuer on a given date. This contrasts with a fixed dated bond such as a 10-year bond or one that will be redeemed at a specific date. The significance is that with a fixed dated bond the holder knows that on a specific date the Treasury will redeem it at par thus protecting the capital value of the bond. With perpetual bonds the Treasury do not have to redeem them and will only do so when the interest rate being paid is unattractive versus what they could get by redeeming one bond and replacing it with a lower yielding one.

to invest the proceeds of the sale of their estates. While stock-market securities were the main means by which investors sought to obtain an income to maintain or increase the capital value of their wealth they were not the only options. The granting of mortgages and investment in property, be it commercial or residential, were also routes that were available and to which this study now turns.

### **5.3: Mortgages**

In the nineteenth or early twentieth century the idea of a mortgage was much broader and varied than it is today. The concept of a mortgage has its origins in ancient history. The sacred Talmudic scriptures set out rules for the granting of mortgages and these influenced later Greek and Roman rules for their administration. The essential features of a mortgage are that there is a borrower, a lender and a formal loan arrangement between them setting out the rate of interest, the term of the loan, the events of default or the conditions that might lead to the calling in of the loan, and an underlying security. Mortgages may or may not relate to the loans advanced for the purchase of property and in most cases in the context of this study they did not. The property backed twenty-year mortgage that we are familiar with today did not come into widespread use in Britain or the U.S. until the mid-1930s with the growth in building societies in the U.K. and the Federal National Mortgage Association (Fannie Mae) in the US.

The granting of mortgages by individuals, or as will be shown later by religious institutions who had surplus cash to those who needed to borrow, was a common practice in Britain and Ireland throughout the eighteenth, nineteenth and early twentieth centuries. Up until the mid-nineteenth century banks were prohibited from making loans where the security provided was land. Furthermore, banks did not normally engage in long-term lending. Therefore, in the absence of a banking system capable or unwilling to provide mortgages, this type of lending was in the hands of individuals and the terms were dictated by the circumstances of each particular case.<sup>38</sup>

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<sup>38</sup> For example, the Bank of Ireland was prohibited until 1860 from making loans to individuals where the security offered was land or property. The reluctance of banks to lend against land based security was due to the complexities associated with the ownership of

The development of new economic elites in the late eighteenth and nineteenth centuries meant that wealthy merchants, professionals and industrialists who had surplus funds, became in effect, personal bankers to many landed families whose lifestyles required funding beyond their incomes. An example of such an individual was Robert Shaw. Shaw was a wealthy Dublin grain merchant in the last decade of the eighteenth century. As a successful businessman, he had accumulated significant cash reserves. While he invested directly in companies such as Bank of Ireland, The Grand Canal Company and many others he was also a prodigious investor in mortgages to Irish landed grandees such as the earls of Hillsborough, Glandore and Bellmount.<sup>39</sup> Shaw advanced loans not just against property but also against salaries and pension income and even, in one instance, patent income.<sup>40</sup> To rich individuals like Shaw, the purpose of granting a mortgage was to achieve a higher return than an investment in other assets such as property or deposits.

The attraction of mortgages as an investment vehicle can be seen in the following extract from Trollope's, *Last chronicle of Barsest*,

'Life is always uncertain, Miss Demolines.'  
'Your quizzing now, I know. But don't you feel now, really, that City money is always very chancy? It comes and goes so quick.'  
'As regards the going, I think that's the same with all money', said Johnny.  
'Not with land, or the funds. Mamma has every shilling laid out in a first-class mortgages on land at four per cent. That does make one feel so secure! The land can't run away.'<sup>41</sup>

A similar sentiment was expressed by Lord Byron when he said, 'I shall never rest while my property is in English funds; do, for God's sake, let it be invested in land or mortgage although at a present loss.'<sup>42</sup> A mortgage secured on a good property or landed estate with an honourable borrower could yield well more than what might be obtained by placing money on deposit in a bank. While mortgage lending could be a

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estates through life interests and the terms of strict settlement. These measures were utilised to protect an estate for future generations against the proclivities of a particular owner.

<sup>39</sup> Tony McCarthy, *The Shaws of Terenure*, p. 27.

<sup>40</sup> *Ibid.* p.26.

<sup>41</sup> Anthony Trollope, *Last chronicle of Barsest* (London, 1995), pp 285-6.

<sup>42</sup> Leslie Alexis Marchand, *Life of Byron* (New York, 1957), p. 769.

profitable venture for the lender, for the borrower it could often represent the start of a slippery slope into ultimate financial ruin. Ferguson estimated that the return on rural land in Britain slumped from 3.65 per cent in 1845 to just 2.51 per cent in 1885 and only rose marginally thereafter. He estimated that the situation in Ireland was even worse due to the political pressures that existed.<sup>43</sup> In such a situation a borrower paying 4 per cent on a mortgage and generating a return from his estate of 2.5 per cent could see that his financial position was deteriorating, which was a fate that befell many landlords as they entered the vortex of debt begetting debt.

Mortgages were used by the landed classes for a variety of reasons. In some instances, a mortgage was taken out to fund the building or extension of a country house; to finance the purchase of land; as a means of paying family portions to second or subsequent sons; to provide a dowry to a daughter on her wedding; to tide over a difficult period in the running of the estate such as after a bad harvest when tenants were slow in paying rents; or simply to finance an extravagant lifestyle. The reasons for borrowing were many but the reason for advancing a mortgage was usually singular, namely, to generate a return for the lender.

Mortgage lending was not the preserve of the *nouveau riche*. Habakkuk in his seminal work on the estates system, documents numerous cases in Britain where landlords granted mortgages to other landlords in what he says was referred to as the landed classes 'Taking in each other's washing'.<sup>44</sup>

Two religious organisations that involved themselves in the granting of mortgages in Ireland in the late nineteenth century were the Representative Church Body of the Church of Ireland (R.C.B.) and St Patrick's College Maynooth (St Patrick's). Under the terms of the Irish Church Act 1869 the R.C.B. received a sum of £8,500,000 in compensation for the abolition of tithes.<sup>45</sup> The compensation received was to be used to maintain churches and pay the salaries and pensions of clerics. In 1870, the R.C.B.

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<sup>43</sup> Niall Ferguson, *The ascent of money – A financial history of the World* (London, 2009), p. 237.

<sup>44</sup> Habakkuk, *Marriage, debt, and the estates system*, p. 251.

<sup>45</sup> The long title of the act was *An Act to put an end to the Establishment of the Church of Ireland, and to make provision in respect of the Temporalities thereof, and in respect of the Royal College of Maynooth*, 32 & 33 Vict. c. 42.

established a finance committee to manage and invest these funds. This committee invested the monies received under the act in a combination of mortgages and an investment portfolio of stocks and shares. At its height in 1878 the RCB mortgage book stood at £3,811,790 with advances to 120 borrowers at interest rates between 4 per cent. to 4.5 per cent.<sup>46</sup> As Curtis points out, most of the mortgages were to ‘parochial or diocesan pillars of the church’.<sup>47</sup>

Under the 1869 Act, St. Patrick’s College received a capital sum of £369,040 in lieu of the withdrawal of the previous annual parliamentary grant paid under the Maynooth Act of 1845.<sup>48</sup> After some initial investments in government and corporate bonds it was decided to diversify into mortgages. In the college’s annual report for 1872 the finance committee reported:

Such advantageous opportunities for investment on land rarely occur and fortunately furnish us with the means of disposing of all our India stock at a profit of £3,160 on cost of purchase... the security tendered is above all exception and the annual increase of the college revenues consequent on this operation would be considerable.<sup>49</sup>

By 1874 the St Patrick’s mortgage book stood at £273,592 and was generating an annual income of £11,720. Interestingly, the entire book was advanced to only five individuals which represented a significant concentration of risk.

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<sup>46</sup>L.P. Curtis, ‘Incumbered wealth: landed indebtedness in post-Famine Ireland’ in *The American Historical Review*, vol. 85, no. 2 (Apr.1980), p. 341.

<sup>47</sup> Ibid.

<sup>48</sup> Terence Dooley, ‘The mortgage papers of St Patrick’s College, Maynooth, 1871-1923 in *Archivium Hibernicum*, vol. 59 (2005), p. 106.

<sup>49</sup> St Patrick’s College Maynooth, *Financial report for the year ended 31 Mar. 1872*, p. 6. Cited in Dooley, *Mortgage papers of St Patrick’s*, in *Archivium Hibernicum*, vol. 59 (2005), p. 109.



**Table 5.18. St. Patrick's College Maynooth mortgage book 1874**

Mortgage	Mortgage amount	Interest rate	Annual Interest
	£	%	£
Earl of Granard – Longford	92,592	4.25	3,935
Townley Balfour – Louth	25,000	4.25	1,063
Myles O'Reilly – Louth	6,000	4.75	285
A.J.R. Stewart – Antrim	55,000	4.25	2,337
Lord Cloncurry – Kildare	95,000	4.25	4,100
Total	273,592	4.28	11,720

*Source:* The above table has been extrapolated by the author from one shown in Terence Dooley, 'The mortgage papers of St Patrick's College, Maynooth, 1871-1923, in *Archivium Hibernicum*, vol. 59 (2005), p. 109.

While granting mortgages was seen as a profitable investment practice, it was only so if the money was repaid or the security lived up to its expected values. Until the development in the late nineteenth century of a centralised repository of mortgage and charges registration, it was difficult for a lender to ascertain if a property was previously charged with other borrowings or not. If it turned out that a property had multiple charges a scramble by creditors to establish precedence usually resulted. An example of the difficulties that could arise in this regard was seen in the case of the mortgage of £55,000 advanced by the trustees of St Patrick's to A.J.R. Stewart in 1874. In failing to note the existence of a number of previous mortgages on the security, Dooley stated:

In drawing up the arrangements for the loans, there was a certain degree of naivety at best and carelessness at worst on behalf of the trustees and their legal representatives. Arguably, searches regarding the levels of indebtedness on individual estates were not enough; there is, in fact little evidence to suggest that they were carried out at all for the earlier loans. Some mortgagors were allowed to retain certain deeds that subsequently facilitated them in raising loans elsewhere, a temptation that was much too great for some to resist as the economic climate waned in the 1880s.<sup>50</sup>

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<sup>50</sup> Ibid. p. 113.

Hence the character and integrity of the borrower was critical to the lender. As Samuel Smiles, the Scottish author and political reform campaigner wrote: ‘Character is property. It is the noblest of possessions.’<sup>51</sup> Those who granted mortgages constantly sought to establish the extent of a borrower’s real underlying wealth and character. In the nineteenth and early twentieth century nothing conveyed this status and character like landownership and title. The investment of the funds generated from the sale of the Leinster estate in 1905 illustrates the situation well. Of the five mortgages advanced by the trustees of the estate three were lords, Tankerville, Hastings and Fitzwilliam, and two were well-established families, the Denisons and Duncombe Shaftos, with strong military connections.<sup>52</sup>

The social status of landlords and the comfort of a good underlying security, namely land, meant that the landed classes were ideal targets for those seeking to achieve a good return from their surplus cash. This coupled with a relatively relaxed attitude towards debt by landlords due to what Habakkuk observed as: ‘the fact that in an aristocratic society little social stigma attached to debts, even when they were heavy and the result of extravagance.’ provided a ready market for those willing to advance mortgages.<sup>53</sup>

A person providing a mortgage usually took a double security in the form of a charge on the estate and secondly a personal covenant or bond from the borrower. The loan was provided subject to a formal agreement which set out the rate of interest chargeable, the term of the loan, the nature and extent of the security and any event that might trigger a recall of the loan such as the death of the borrower or a reduction in the value of the underlying security. Unlike modern mortgages that require the principal to be repaid over the life of the loan through a process known as amortization, mortgages of the type discussed in this study were repaid in a single payment or to use the legal term *in toto*. This was due to two factors: firstly, the complexities of land law which mitigated against instalment type payments, and secondly and more usually, the inability of the borrower to come up with sufficient

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<sup>51</sup> Samuel Smiles, *Character of debt* (London, 1997), p. 6.

<sup>52</sup> Statement of application of funds, (P.R.O.N.I., Leinster papers, D. 3078/2/15/10).

<sup>53</sup> Habakkuk, *Marriage, debt, and the estates system*, p. 303.

capital to repay the loan. A contributor to a House of Commons debate in 1857 on the subject maintained that:

Under the present system, the repayment of a mortgage of £10,000 is almost an unknown occurrence, which scarcely ever happens to any landowner out of his property, or otherwise than some unexpected windfall, or by making some arrangements for obtaining a larger sum of money, in order to prevent a foreclosure of his estate.<sup>54</sup>

As Habakkuk pointed out it was normal in such mortgage agreements that an event such as a national credit crisis or a significant increase in interest rates could result in a demand for payment of the mortgage.<sup>55</sup>

The mortgage document was usually heavily weighted in favour of the lender and afforded him significant scope to seek recovery of the debt. Once the borrower continued to pay the interest on the loan in full and on time he was usually safe but if he failed to meet his interest obligations then serious consequences invariably followed. There were a number of legal remedies available to the mortgage provider. The main remedy and indeed the ultimate one was foreclosure.<sup>56</sup> Lenders were often reluctant to foreclose on a mortgage because to do so meant trying to sell an estate, an action that was generally met with opposition from the borrower who sought to hold on to the family seat. A more usual step was to sue on the personal covenant or bond provided by the borrower. A judgement debt once obtained could have very serious consequences for the borrower including being imprisoned for non-payment. Other measures included applying to the Court of Chancery to appoint a receiver to administer the estate and thus discharge the interest and repayment obligations, or the appointment of trustees who again would manage the estate for the principal purpose of meeting the borrower's debt obligations.<sup>57</sup> An example of this type of procedure can be seen in the case of Colonel Henry Denison who was one of those individuals whom the trustees of the Leinster Estate granted a mortgage in 1905. In May 1916, he was the subject of bankruptcy proceedings. *The Times* reported:

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<sup>54</sup> Ibid. p. 337.

<sup>55</sup> Ibid.

<sup>56</sup> Foreclosure is a legal process whereby a lender who is seeking to recover the balance of a loan or interest owed can force the sale of the asset used as security or collateral for the loan. <http://legal-dictionary.thefreedictionary.com/foreclosure> accessed 25 May 2017.

<sup>57</sup> Habakkuk, *Marriage, debt and the estates system*, pp 337-42.

The first meeting was held yesterday at Bankruptcy Buildings, of the creditors of Colonel Henry Denison, of Onslow Gardens, S.W., against whose estate a receiving order was made on May 5<sup>th</sup>. The petitioning creditors were Messers Eldridge and Morris, financiers of Albemarle Street, Piccadilly.<sup>58</sup>

The consequences for the above petition for the Leinster Estate will be dealt with in Chapter 6 and is cited above to illustrate how creditors might seek redress for loan default.

The availability of mortgages was largely dependent on the returns available from other investments. In times of war, for instance, when governments had a high requirement for funding, the yield on bonds tended to rise, which meant that those with surplus cash bought these instruments rather than grant mortgages. During the First World War, the yield on government-backed War Loans ran at 5 per cent which would have proved attractive to investors and made them reluctant to advance monies to individuals. Looking to the Leinster papers for evidence of the investment logic that would have applied in 1905 the average yield pertaining on consols was 2.78 per cent whereas the mortgages advanced in the period were attracting a yield of between 3.5 per cent and 3.75 per cent.<sup>59</sup>

While on a different scale to the Leinster estates there is also evidence that Lord Clonbrock invested a small portion of his sales proceeds under Wyndham Act in Canadian residential mortgages.<sup>60</sup> Clonbrock and possibly other vendors under Wyndham, were approached by a John McMahon who was a descendant of the earl of Leitrim regarding investment in residential mortgages in Vancouver, Canada. These investments will be examined in greater detail in Chapter 6.

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<sup>58</sup> *The Times*, 17 May 1916.

<sup>59</sup> For yields on consols see Homer and Sylla, *History of interest rates*, p. 446. For details regarding the Leinster estate mortgages see statement of application of funds, (P.R.O.N.I., Leinster papers, D. 3078/2/15/10).

With the decline in land values post-1918 and the development of an institutional based mortgage industry the granting of mortgages by individuals gradually ceased to exist.

#### **5.4: Investment property**

Property is one of the main asset classes that those seeking to obtain a regular income and capital appreciation choose to invest in. This author has not found any evidence of the wholesale purchase of investment properties either in Ireland or the United Kingdom by landlords seeking to invest the sale proceeds from their estates under the terms of the Wyndham Land Act. This was initially a surprise as it would appear a reasonable assumption that someone from a rentier class who had just sold an income producing asset might seek to replace it with an asset with similar characteristics albeit with better investment fundamentals and prospects. Closer examination of relatively disparate and limited evidence that is available, provides some insight as to why Irish landlords broadly shunned this avenue of investment.

There is little evidence relating to the Irish commercial property market in the opening decades of the twentieth century. There are however, a number of studies relating to the British commercial property market which are pertinent to the Ireland.<sup>61</sup> The second area of commercial property investment is in residential properties purchased for the purpose of renting them. Ronan Lyons of Trinity College Dublin has compiled an index of Dublin house prices for the period 1900-2014.<sup>62</sup> These works provide insight into why investment property did not feature in the portfolios of Irish landlords in the post Wyndham era.

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<sup>61</sup> Sources referred to include; A study of commercial property yields in central Nottingham, 1910-23 in; [http://www.blackwellpublishing.com/content/BPL/Images/Content\\_store/Sample\\_Chapter/9781405135559/9781405135559\\_4\\_004.pdf](http://www.blackwellpublishing.com/content/BPL/Images/Content_store/Sample_Chapter/9781405135559/9781405135559_4_004.pdf) accessed 9 Sept. 2016; Luke Samy, *Indices of house prices and rent prices of residential property in London, 1895-1939*, University of Oxford, Discussion papers in Economic and Social history, no. 134, April 2015.

<sup>62</sup> Ronan Lyons [Department of economics, TCD], *A housing price index for Dublin 1900-2014*, Presentation to the Irish Quantitative History Group, Trinity College Dublin, Jan. 2015.

It was surprising to this author why landlords, who were by definition, familiar with property markets and the attractions or otherwise of rental income should appear to have little interest in investing in commercial property as part of a balanced portfolio of investments. Why then did the portfolios examined by this study not contain any evidence of their inclusion?

Part of the answer to this question is because leases relating to commercial properties were different in the opening decades of the twentieth century than they are today. Harvard observed that in 1900, commercial property leases were typically of a long-term duration such as 99 or 125 year leases.<sup>63</sup> As chapter 6 will demonstrate, at the time investors were not conscious of the impact inflation could have on their investment portfolios. Given that commercial property leases in the early twentieth century did not have a mechanism for adjusting the rent over the life of the lease, they were regarded as being akin to perpetual government bonds (consols) and the returns reflected this.<sup>64</sup> A report prepared by a group of academics in Nottingham University showed that between 1910 and 1923 the rental yields on prime commercial property in the centre of Nottingham ranged from 4.5 per cent to 6.5 per cent whereas the yield on gilts in the same period ranged from 3.1 per cent to 5.30 per cent. While these rental yields may not apply exactly to the Dublin market the likelihood is that they would be reasonably similar for what was in effect two provincial British cities.

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<sup>63</sup> Tim Harvard, *Investment property valuation today* (London, 2014), p. 10.

<sup>64</sup> The yield on commercial property was similar to that pertaining on consols with a relatively modest premium to compensate for the need to manage the property, for example to collect the rent etc. The uplift also was necessary to compensate for the fact that property was more difficult and costly to sell than stock market traded government bonds.

**Table 5.19. Nottingham city prime commercial property yields 1910-1923**

<b>Year</b>	<b>Prime Commercial Property Yields per cent</b>	<b>Gilts Yield per cent</b>	<b>Rent Premium to Gilts per cent</b>
1910	5.00	3.10	1.90
1911	5.00	3.20	1.80
1912	5.00	3.30	1.70
1913	4.50	3.40	1.10
1914	6.50	3.30	3.20
1915	6.50	3.80	2.70
1916	6.50	4.30	2.20
1917	6.50	4.60	1.90
1918	6.75	4.40	2.35
1919	5.00	4.60	0.40
1920	5.00	5.30	-0.30
1921	4.50	5.20	-0.70
1922	5.50	4.40	1.10
1923	6.00	4.40	1.60

Source: [http://www.blackwellpublishing.com/content/BPL/Images/Content\\_store/Sample\\_Chapter/9781405135559/9781405135559\\_4\\_004.pdf](http://www.blackwellpublishing.com/content/BPL/Images/Content_store/Sample_Chapter/9781405135559/9781405135559_4_004.pdf) accessed 9 Sept. 2016.

Reflecting on the position in the United States, Gustavus Myers observed:

But fortunes based upon land in cities were endued with a mathematical certainty and a perpetuity. City real estate was not subject to the extreme fluctuating processes which so disordered the value of rural land. All of the tendencies and currents of the times favoured the building up of an aristocracy based upon ownership of city property.<sup>65</sup>

As will be seen later, a similar tendency existed in Britain with a number of aristocratic families building enormous portfolios of city properties.

<sup>65</sup> Gustavus Myers, *History of the great American fortunes* (New York, 1937), p. 87.

The four portfolios discussed in chapter 6 and indeed several others examined by this study show no evidence of interest in acquiring investment property. This study has concluded that the most likely reason for this was that many of the landlords who sold under the Wyndham Act and the 1909 Birrell Land Act were fixated with the certainty of a guaranteed income and were not prepared to take on even the relatively low risks associated with good quality investment properties. A similar position arose with regard to investment in residential buy-to-let property. There is little evidence to suggest that Irish landlords who had sold their estates in the opening decades of the twentieth century invested their sales proceeds in Irish residential property. This situation is understandable in that since around 1895 the prices of houses in Dublin and indeed in the United Kingdom in general had been falling and showed little sign of bottoming out. A study of Dublin house prices carried out by Ronan Lyons shows that between 1900 and 1911, prices fell by 25 per cent.<sup>66</sup> The fall in house prices during the period was not a Dublin or indeed an Irish based phenomenon in that it was part of what historians refer to as the Edwardian housing slump.<sup>67</sup>

A study carried out at the Oxford University in 2015 into the London residential property markets provides insight into the investment environment faced by those considering investing in residential property.<sup>68</sup> The report shows that London residential property prices rose by 17 per cent from 1895 to 1903 and thereafter fell by over 36 per cent in the period to 1915.<sup>69</sup> There was no single or indeed clear reasons for this slump in house prices. Given that it affected cities like London and Dublin and, indeed, many others it was not a location specific problem. Wohl has argued that it was as a result of the uncertainty surrounding the payment of rents due to the low and uncertain income of tenants, particularly at the lower end of the

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<sup>66</sup> Lyons, A housing price index for Dublin 1900-2014, Slide 30.

<sup>67</sup> Luke Samy, 'Indices of house prices and rent prices of residential property in London, 1895-1939', University of Oxford, Discussion papers in *Economic and Social history*, no.134, April 2015, p. 9.

<sup>68</sup> *Ibid.*

<sup>69</sup> *Ibid.* p. 30.



housing market.<sup>70</sup> Others have argued that it was the declining fiscal position of landlords and the imposition of laws that afforded greater protection to tenants from the late nineteenth and early twentieth century onwards that deterred them from investing in property, with the result that there was little buyer activity in the housing market.<sup>71</sup> Arguably, the decline in investment in property during the early years of the twentieth-century was not unrelated to the significant growth in overseas investment by British investors in the same period. Given the similar returns available from commercial property, with all the potential difficulties of rent voids and difficult tenants, compared to stock exchange tradable colonial bonds, it is not surprising that they choose the latter. Quite apart from this, it would take a very brave investor to enter a market that was showing all the signs of being in a protracted bear cycle.

### **5.5: The impact of inflation on investment**

One of the lasting legacies of the Weimar Republic was that it has enshrined in the human psyche the economic and, by extension, political consequences of inflation. Prior to the hyper-inflation era in Germany, concerns about its effects were largely the preserve of academic economists. Inflation was seen as relating only to shock events such as wars and other calamities. For instance, looking at inflation in the U.K. from the start of the nineteenth century to the 1930's there were three periods of significant inflation growth. These were in the early years of the Napoleonic Wars when in a three-year period inflation reached a cumulative 60.5 per cent, the Crimea War (1853-56) it spiked by 18.4 per cent and during the period of the First World War and its immediate aftermath (1915-1920) when it rose by 63.7 per cent. Apart from the first two periods, neither inflation or its inverse, deflation, were of any consequence to investors or the ordinary citizens of Britain or Ireland in the opening years of the twentieth-century. For example, in the twenty years from 1883 to 1903 inflation averaged zero per cent per annum. In other words, prices in 1903 were the

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<sup>70</sup> Anthony Wohl, 'The housing of the working classes in London 1815-1914', in Stanley D. Chapman (ed.) *The history of working class housing: A symposium* (Newton Abbot, 1971) p. 23.

<sup>71</sup> Samy, 'Indices of house prices and rent prices' p. 4.

same as they were in 1883.<sup>72</sup> Hence it is easy to understand how those with money to invest in the opening decade of the twentieth century would have looked at the nominal return on any proposed investment and not on the all-important real rate of return.<sup>73</sup>

Such an approach is in investment terms a fundamental error and can lead to a very significant loss of real value of an individual's portfolio. Given the changing economic environment that was about to take hold, any investor who did not put his funds into an asset that protected them from inflation was over the next thirty years about to suffer a very significant loss in the real value of their money. Table 5.5 below illustrates just how pernicious inflation can be on the real value of money.<sup>74</sup> In stark terms if a landlord sold his estate in 1903 and received net proceeds of £10,000 and placed the money in a non-interest earning current account he would in real terms have lost £6,420 by the end of 1929. On the other hand, had he invested in consols he would have received a gross income of £1236 in the 30-year period from the investment which would have exceeded inflation by 59.4 per cent.<sup>75</sup> This summary is between two specific date intervals namely, 1903 and 1933. There were periods particularly in the inflationary war years when even an investment in consols would not have protected the real value of the investment portfolio e.g. in 1919 even allowing for the income received from consols, inflation would, in real terms, have eroded 46 per cent of the value of the portfolio.

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<sup>72</sup> Inflation calculator; <http://inflation.stephenmorley.org/> accessed, 21 Sept. 2016.

<sup>73</sup> The nominal rate of return is the actual return received in percentage terms. The real rate of return represents the return after allowing for inflation. An example best illustrates the situation. Assuming the return on a government bond is 3 per cent in a given year (nominal return) and inflation in that year is 2 per cent, the real return is 1 per cent.

<sup>74</sup> What Table 5.5 shows is that in real terms, (meaning the amount of goods a particular sum of money will buy at two time intervals.) £100 would buy £100 worth of goods in 1902 whereas in 1933 it would only be able to buy £35.80 worth of the same goods. Thus, if a landlord invested in non-inflation proofed asset such as cash he would have lost 64.20 per cent of his investment in real terms.

<sup>75</sup> Unfortunately for investors who followed this approach the capital value of consols declined during the 30-year period under review by just under 20 per cent but coupled with the income it meant that an investment in consols would have exceeded inflation. However, that this only resulted from the deflation that occurred in the 1920s.

**Table 5.20. UK inflation and consols returns 1903-33**

<b>Year</b>	<b>Inflation Rate per cent</b>	<b>Return Consols per cent</b>	<b>Inflation Gap per cent</b>	<b>Inflation Cumul £</b>	<b>Gap Cumul £</b>
1902				100.00	100.00
1903	0.40	2.75	2.35	99.60	102.35
1904	-0.20	2.83	3.03	99.80	105.38
1905	0.40	2.78	2.38	99.40	107.76
1906	0.00	2.83	2.83	99.40	110.59
1907	1.20	2.97	1.77	98.20	112.36
1908	0.50	2.90	2.40	97.70	114.76
1909	0.50	2.98	2.48	97.20	117.24
1910	0.90	3.08	2.18	96.30	119.42
1911	0.10	3.15	3.05	96.20	122.47
1912	3.00	3.28	0.28	93.20	122.75
1913	-0.40	3.39	3.79	93.60	126.54
1914	-0.30	3.46	3.76	93.90	130.30
1915	12.50	3.82	-8.68	81.40	121.62
1916	18.10	4.31	-13.79	63.30	107.83
1917	25.20	4.58	-20.62	38.10	87.21
1918	22.00	4.40	-17.60	16.10	69.61
1919	10.10	4.62	-5.48	6.00	64.13
1920	15.40	5.32	-10.08	-9.40	54.05
1921	-8.60	5.21	13.81	-0.80	67.86
1922	-14.00	4.43	18.43	13.20	86.29
1923	-6.00	4.31	10.31	19.20	96.60
1924	-0.70	4.39	5.09	19.90	101.69
1925	0.30	4.43	4.13	19.60	105.82
1926	-0.80	4.55	5.35	20.40	111.17
1927	-2.40	4.56	6.96	22.80	118.13
1928	-0.30	4.47	4.77	23.10	122.90
1929	-0.90	4.60	5.50	24.00	128.40

**Table 5.5 Continued**

<b>Year</b>	<b>Inflation Rate per cent</b>	<b>Return Consols per cent</b>	<b>Inflation Gap per cent</b>	<b>Inflation Cumul £</b>	<b>Gap Cumul £</b>
1930	-2.80	4.46	7.26	26.80	135.66
1931	-4.30	4.53	8.83	31.10	144.49
1932	-2.60	3.76	6.36	33.70	150.85
1933	-2.10	3.38	5.48	35.80	156.33
1934	0.00	3.08	3.08	35.80	159.41

*Source:* The inflation figures in Table 5.5 have been sourced from <http://inflation.stephenmorley.org/>. The consols yields have been extracted from Homer and Sylla, *A history of interest rates*, pp 446-7.

As the twentieth century progressed inflation became more a feature and its invidious nature became more obvious to both investors and wealth managers. Knowledge of course does not guarantee avoiding the impact on the investment but it at least helps in trying to arrange an investment portfolio so as to protect its real value. For many, such an awareness came too late and for others it undoubtedly had a very profound impact on their wealth status.<sup>76</sup>

## **5.6: Conclusion**

Investment environments can be difficult to interpret and read. At times, all can appear calm on the surface, but underneath seismic movements can be at play which

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<sup>76</sup> To highlight this point, it is worth considering the effects of inflation on a portfolio over the long term. Based on the performance statistics from the Barclays equity / gilt study, 2016 edition the following examples illustrate the impact of inflation. £100 invested in a portfolio of UK equities in 1900 would now (2016) be worth £2.23 million in nominal terms but only £28,226 in real terms. Alternatively, £100 invested in UK gilts in 1900 would be worth £36,458 in nominal terms and £454 in real terms. These examples not only show the impact of inflation on the value of a portfolio but also the effects of choosing the right asset class to invest in. Source <http://www.courtiers.co.uk/news/barclays-equity-gilt-study-2016> accessed 29 Sept. 2016

eventually culminate in dramatic gyrations. This was to some extent the situation in the opening three decades of the twentieth-century a period when by its conclusion the investment landscape had changed forever.

The opening decade was one of relative political and economic calm with little evidence of the seismic activity that was occurring beneath the surface as the great tectonic plates that underpin investment markets were shifting slowly but inexorably. In Europe, these shifts were manifested in the emergence of Germany as a challenger to Britain's economic hegemony, a development that would largely shape the second and indeed subsequent decades so dramatically. On a more global scale the shifting plates saw the emergence of the USA as the world's great superpower.

To all but the most astute and observant economic seismologist, these shifts and the consequences that would flow from them were in the first decade of the new century imperceptible. For investors, such as Irish landlords seeking to invest the proceeds of sale of their estates, the investment environment would have presented itself as a relatively stable space. The absence of any major international conflicts or economic calamities or threats of the same, provided a fertile context for investment markets that tend to thrive in such conditions.

Concerns about the pernicious effects of inflation were yet to occupy the minds of investors and their advisors, nor were their fears that a government might default on its debt obligations. While both bond and property markets were entering a prolonged bear market phase, this, as always, only became clear in hindsight. There were plenty of opportunities for investors to achieve income returns well in excess of those they previously obtained from their estates. Thus, landlords who invested their money in the many options that prevailed would most likely have seen an improvement in their living standards and while they may have endured moments of concern about the underlying capital values on their investments as the bear market in bonds continued into the second decade of the century, they at least had the comfort of knowing that many of these securities were underpinned by the mighty British Treasury.

All this was to change with the commencement of hostilities in August 1914. While patriotic fervour would undoubtedly have clouded judgement, the fact remained that for the first time in history the prospect arose that in the event of a defeat for the Allies the value of British government-backed bonds might have been zero. For investors holding such financial instruments, including most Dominion bonds, lay the spectre that the value of their entire investment portfolio could be wiped out, leaving them and their families destitute. For those with home farms such concerns were mitigated by the high prices they were achieving for their produce because of the war but for those with no other source of income it was a difficult and uncertain time. For the first time since the 1850s, inflation became a major issue. In the period 1915 to 1920 prices rose by over 63 per cent. While income from War loan bonds was over 5 per cent per annum it was not remotely sufficient to cover the increased cost of living. For those on fixed income such as that derived from Government bonds this would have been a major issue.

Despite being a decade of economic depression marked by high unemployment, significant long-term deflation, high interest rates and a continuing decline in Britain's economic pre-eminence, the 1920s were good from an investment perspective. Deflation meant that money not only retained but increased its value in real terms due to the 27.7 per cent fall in prices over the thirteen years between 1920 and 1933.<sup>77</sup> The attempt by Britain to protect the value of Sterling by maintaining the Gold Standard (eventually abandoned in 1931) meant that interest rates remained at consistently high levels (more than 5 per cent) throughout the decade meaning that depositors received significant real returns on their funds. Investment returns in the decade were very positive. The nominal value of UK equities rose by over 61 per cent in the period 1920 to 1928 and even allowing for the stock-market crash of October 1929 the value of equities increased by 18.6 per cent in nominal terms and over 100 per cent in real terms due to the high level of deflation. Throughout the decade, the average dividend income from UK quoted equities was in excess of 5 per cent per annum. Those who held gilts fared even better with the nominal value of gilts rising by 26.7 per cent between 1920 and 1930 and 120.4 per cent in real terms

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<sup>77</sup> Inflation calculator; <http://inflation.stephenmorley.org/>. accessed 21 Sept. 2016.

while yields averaged over 4.6 per cent per annum.<sup>78</sup> For those landlords who negotiated their way through the war years and its immediate aftermath and who had their money invested in either equities or gilts the 1920s would have witnessed a considerable rise in their living standards both in terms of income and underlying capital growth.

In overall terms, however the opening decades of the twentieth-century were turbulent from an investment perspective. The long drawn out bear market in bonds and property, the war and the ravages of inflation and its counterpart deflation meant that there were few safe havens for their monies. While annual income yields more than the 3.5 per cent suggested by Wyndham when introducing his 1903 Bill were generally available throughout the period, it was the diminution in capital value that would have caused most concern.<sup>79</sup> However the value of the asset they sold, agricultural land, also suffered a serious decline and in many instances, would have been unsaleable particularly in the post-war period. For landlords who stuck with bond portfolios, the subsequent decades saw even greater declines in real value, but for those who held the bulk of their investment in equities the future was brighter. Regardless of the course of action taken, they would never again experience the certainty of an estate that produced a regular income flow. Uncertainty was the key feature of the investment environment which they now operated in.

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<sup>78</sup> The performance figures quoted in this section are drawn from the *Barclays Equity Gilt study 2016*. This study which has been published annually since 1955 is the definitive work used by investment managers to benchmark their performances over the years. It provides statistics showing the performance of equities and gilts markets since 1900.

<sup>79</sup> Taking the period 1903 to 1930 as a reference point the value of an all gilt portfolio would have fallen by 35.4 per cent in nominal terms and by 60 per cent in real terms. An all-equity portfolio would have fared better, rising 4 per cent in nominal terms but declining 20 per cent in real terms. See *Barclays equity gilt study 2016*, pp 74-6.

## Chapter 6: Managing the money

### 6.1 Introduction

In his 1956 examination of the power elites of American society, Charles Wright Mills observed that:

People with advantages are loath to believe that they just happen to be people with advantages. They come readily to define themselves as inherently worthy of what they possess; they come to believe themselves 'naturally' elite; in fact, to imagine their possessions and their privileges as natural extensions of their own elite selves.<sup>1</sup>

While the previous three decades had done much to dispel the feeling of elitism amongst Irish landlords it is hard not to imagine that a sense of advantage still prevailed as they entered a new epoch where family fortunes were more impacted with events in international financial markets than weather conditions and the actions of recalcitrant tenants.

Investment markets, however, have little regard for 'advantage' and even less for 'background'. Long term success in investment requires an astute awareness of the economic environment, the fundamentals underpinning individual securities and an adherence to rigid disciplines regarding when to buy and sell. Anything else depends on serendipity, overwhelming belief in the abilities of the investment advisor or an innate gambling instinct.<sup>2</sup> Which category Irish landlords fell into will emerge from the pages of this chapter as it unfolds.

David Cannadine, in examining the decline of the British aristocracy, adopted what he termed the perspective of the 'parachutist not the truffle hunter'.<sup>3</sup> This chapter applies the opposite approach in that understanding is sought through the examination of a small number of cases where significant documentary evidence

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<sup>1</sup> C. Wright Mills, *The power elite* (Oxford, 2000), p. 14.

<sup>2</sup> This opinion is being put forward by the author based on over 40 years' experience working in investment markets.

<sup>3</sup> Cannadine, *The decline and fall*, p.7.



exists to make clear the investment strategies adopted. While there are dangers in generalising from such a small sample, secondary research and anecdotal evidence would suggest that the investment approaches adopted by the families examined was not too dissimilar to that adopted by many other selling landlords.<sup>4</sup> Given that the wealth management practices of Irish landlords have received so little attention in Irish historiography it is hoped that this study may encourage other historians to examine in greater detail the financial affairs of individual families and, in this way, build up a wider and more representative picture of how they managed the money received from the sale of their estates.

The cases chosen represented a range of estate types from large ones, such as those of Leinster and Clonbrock, to relatively small ones like Coolgreany and the Dopping Heppenstall Wicklow and Longford estates. They are representative in terms of the abilities of the individuals charged with managing the funds and the legal structures adopted to protect inter-generational family interests.

Building on the information provided in the previous chapter, the cases examined also highlight numerous similarities in terms of how the proceeds were invested, including the rapidity with which the funds were committed to the market; the nature of the assets invested in or not invested in; the focus on generating income; and the almost total disregard for the impact of inflation on the value of the portfolios. They also demonstrate common traits about the administration of the investment estates, particularly regarding who the key influencers and advisors were, and notably the role of solicitors and stockbrokers in the process.

## **6.2 The decision to sell**

The cases examined highlight the fact that similar processes were involved in considering whether to sell an estate or not. This involved undertaking an exercise like that undertaken by the Bellew and the Dopping Heppenstall estates and examined in Chapter 4, whereby an estimated sales consideration figure was calculated so as to

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<sup>4</sup>Olwen Purdue, *The big house in the north*, pp 106-8, provides details of investment portfolios for Col. Nugent and the earl of Caledon's portfolio in 1913 which are similar in content and structure to those examined in this chapter.

ensure that this sum if invested at 3.25 per cent would yield an income equivalent to the net rental earned from the estate. In the case of the Clonbrock estate this exercise was undertaken by the estate's accountant, George Mahon. The paper prepared by Mahon in 1905 provides an insight into the evaluation process facing potential vendors and provides a benchmark in this study for measuring future financial performance of the Clonbrock investment portfolios. Mahon's report also gives insight into the cost of operating an estate such as that of Lord Clonbrock. Table 6.1 below summarises Mahon's estimate of what capital sum would be required by Clonbrock from the sale of his estates should he wish to obtain an equivalent income to his previous rents. The calculations were predicated on two key underlying assumptions. Firstly, that he could obtain an investment return of 3.25 per cent and secondly, were he not to sell, that the gross annual rents could be maintained at the prevailing level of £9,861 per annum. This latter assumption may have been optimistic given the pressure for downward rent revisions and the likelihood of rent strikes orchestrated by the U.I.L and uncollectable arrears in the event of Clonbrock not being willing to sell to his tenants. Mahon's conclusion was that in order to secure a net income equivalent to what he then received (while discharging all capital demands on the estate), Clonbrock needed to secure a sum of £234,644 from the sale. Mahon advised that this sum would represent 23  $\frac{3}{4}$  years purchase of the gross rental figure of £9,861, which would have been high in relation to the average paid up to that date by the Land Commission for land. However, when the Bonus is subtracted it equated to a more modest 21  $\frac{1}{4}$  times purchase, which is more in keeping with the average metric used by the Estates Commissioners and was therefore a more reasonable target for Clonbrock. The Leinster estate papers do not provide evidence of a similar exercise being carried out but given the professional way the estate was administered it is likely that a similar review was undertaken.

Given the similarity in the format of the review for the various estates examined the likelihood is that it followed a template prescribed in a contemporary guide book or even newspapers. Walker's, *The law relating to the land purchase in Ireland*, uses a very similar format to that used by the Bellevs, Clonbrock and Dopping Hepenstall

estates so it is safe to assume that similar reviews were undertaken by many other landlords.<sup>5</sup>

**Table 6.21. Estimate of purchase price required to maintain income level of Clonbrock Estate 1905**

	£	£
<b>Gross rental (less abatements allowed of say, £200)</b>		9,861
<b>Deduct Outgoings</b>		
- Quit rents	48	
- Tithe rent charges	338	
- Board of Works instalments	785	
- Maintenance and improvements - Average over 3 years	614	
- Head rent	336	
- Suck drainage repayment instalments & Maintenance rate	112	
- General District Poor Rate on farms	100	
- Salaries to bailiffs & herds of commonage	84	
- Interest on family charges	645	
- Sundries & incidental expenditure	50	
- Agents fees	420	
	3,532	3,532
<b>Net rental</b>		6,329
<b>Cash invested at 3 1/4 per cent to yield £6,328 would amount to</b>		194,707
<b>Add: Capital sums required to cover</b>		
- Tithe rent charges	4,087	
- Quit rent (25 years' purchase)	1,104	
- Board of Works Loans to be repaid	8,940	
- Family Charges. Capital Sums		
- Hon. Mrs D'altry	5,000	
- Hon. Lady Nanney	5,000	
- Col. Hon. R.V. Dillon	5,000	
- Hon. Helen Dillon	500	
- Head rent of Bolebane (say 25 years' purchase)	10,307	
	£	£
	39,938	39,938
<b>Cash required from sale of estates</b>		234,645
<b>This equates to 23 3/4 years purchase of Gross Rental of £9,861</b>		

*Source:* G. Mahon to Clonbrock, 18 Aug. 1905 (N.L.I., Clonbrock papers, MS 35,721.3).

<sup>5</sup> Walker, *The law relating to land purchases in Ireland*, xxxiii.

### 6.3 Sale of estates

In the case of the Leinster Estate, the sale was completed within months of the 1903 Land Bill having been passed. Given the prominence of the family, the facilitation by the administration of an early sale established a strong precedent that acted as an encouragement to other landlords and tenants to avail of the provisions of the 1903 Land Act.<sup>6</sup> Thus, in November 1903, less than three months after the passing of the Wyndham Act, the Leinster estate was sold to its tenants. It is possibly revealing that the Leinster estate was also the first major aristocratic estate to sell land under the 1895 Ashbourne Act allowing Lord Frederick FitzGerald, to say: ‘that it was something of a coincidence’ that they were the early movers under both land acts.<sup>7</sup> The significance of the early sale was not lost on the wider public as the following comment reveals. In a letter from Charles Johnson in 1905 to Lord Frederick FitzGerald, he wrote: ‘you very wisely took advantage of the governments’ desire to make a big show for their Act at an early date.’<sup>8</sup>

While newspapers covered the sale extensively, the Leinster estate papers contain little material relating to the transaction compared to those of the Clonbrocks and Dopping Heppenstalls, such as correspondence with the Estates Commissioners or the various stakeholders in the sales process.

Johnson’s letter suggests that the sale was fast tracked in order to promote the new land purchase measures. The sale was the subject of numerous reports in local and national newspapers during the period September to November 1903.<sup>9</sup> The price paid by the tenants of approximately 24 ½ times rents attracted much attention from various quarters. William O’Brien speaking at a U.I.L. meeting in Cork castigated the Leinster tenants:

We had already had an example on the Leinster Estate how the same earth hunger, which made men ready to pay any price for grabbed lands in the past,

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<sup>6</sup> Dooley, *The decline and fall of the dukes of Leinster*, pp 122-3.

<sup>7</sup> *Irish Times*, 26 Sept. 1903.

<sup>8</sup> Charles Johnson to Lord Frederick FitzGerald, 31 Jan. 1905 (P.R.O.N.I., Leinster Estate papers, SM23: MIC 541 – D3078/2/15/9 Reels)

<sup>9</sup> *Kerry Weekly Reporter*, 19 Sept. 1903, *Kilkenny People*, 26 Sept. 1903, *Nationalist and Leinster Times*, 26 Sept. 1903, *Ulster Herald*, 10 Oct. 1903, *Leinster Express*, 31 Oct. 1903.

might very easily tempt the richer and more selfish men to consent to prices that would be crushing for their poorer neighbours.<sup>10</sup>

The *Freeman's Journal* expressed a similar view when it commented that the tenants who had agreed these terms for the purchase of their holdings were those 'with heaps of money made in business and others who had splendid situations'.<sup>11</sup> This sense that the big and progressive farmers and local shopkeeper farmers had forced a deal through and that their less wealthy fellow tenants would just have to accept it was evident in the remark of one such tenant following a meeting on the Castledermot estate: 'it's all very well for the big bugs around Athy to give twenty-five years' purchase but it's different with us.'<sup>12</sup> A similar sentiment was expressed by D.J. Cogan, M.P. when he noted that: 'the wealthier and stronger tenants rushed the sale to the disadvantage of their poorer neighbours.'<sup>13</sup>

Another transaction that attracted similar adverse comments regarding the prices paid by tenants for land was that of John Redmond's estate in County Wexford. Redmond concluded the sale in October 1903 making it one of the first to be completed under the 1903 Act which had only been enacted in August that year. Redmond received 23 times the annual rent for first term rents and 24.5 times for second term rents. The criticism was loud and fierce from both media and political circles and centred on Redmond letting his personal interests cloud his political judgement. The *Irish Daily Independent and Nation* newspaper called for his resignation as leader of the Irish Parliamentary Party and the incident was to cast a shadow over the remainder of his political career.<sup>14</sup>

That such situations could arise was due to Section 19 of the 1903 Act which was often referred to as the *in globo* principle whereby if three-quarters of the tenants in number and rateable value terms, agreed to purchase their holdings, the Estates Commissioners could order the remainder to purchase on the same terms. This was

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<sup>10</sup> *Weekly Irish Times*, 26 Sept. 1903.

<sup>11</sup> *Freemans Journal*, 17 Sept. 1903.

<sup>12</sup> *The Nationalist and Leinster Times*, 19 Sept. 1903.

<sup>13</sup> *Freemans Journal*, 6 Oct. 1903.

<sup>14</sup> For a full account of the sale of the Redmond estate see Patrick Cosgrove, 'The controversy and consequences of John Redmond's estate sale under the Wyndham Land Act, 1903' in *The Historical Journal*, vol. 55, 1 (2012), pp 75-96.

one of the more controversial aspects of the 1903 Land Bill as it made its way through parliament and effectively amounted to compulsory purchase on the tenant side. It was designed to overcome the bureaucratic difficulties associated with recalcitrant tenants who could stall the sale of an estate. The sale of the Leinster estate using the *in globo* principle was a clear indication to other estates that the Land Commission would not be deterred by obstructive tenants.

Purchasing tenants, however, were not slow in responding to such criticisms judging by the number of letters written to various newspapers. In a letter to the editor of the *Irish Times* one tenant went into significant detail as to the reasons for agreeing to pay a purchase price of 25 years rent. In the first instance, the fact that the sale was handled so quickly meant that there was a significant saving, for had it run on for a further year then it would have been, in effect, a further year added onto the purchase price. He pointed out that the landlord had already reduced rents without the tenant having recourse to a judicial review, and that this reduction coupled with the saving brought about by the reduced annuity meant that he was paying almost 50 per cent less than he did on rents prior to the sale. The letter writer argued that the improvements made to his holding such as the erection of buildings, fences, gates and drainage works were all paid for by the landlord whereas on another farm he rented from a different landlord the tenant paid for all such works.<sup>15</sup> It is interesting to compare the circumstances of the tenants of the Leinster estate with those on the Clonbrock estate in terms of the time to conclude a deal for the sale of their holdings. By the time the Clonbrock tenants acquired their holdings in 1914 the Leinster tenants were over ten years into their purchase arrangements and had the benefit of lower annual outgoings and principal repayments over that period. It should, however, be noted that the trustees of the Leinster estate were anxious to sell under the Wyndham Act whereas Lord Clonbrock was reluctant to do so, at least in the early years following the acts introduction.

In contrast to the Leinster estate, the sale of the Clonbrock estate was a long and arduous process. Starting with a meeting with the parish priest of Ahascragh, County Galway, Rev. P.J. Shanagher, in August 1905 the sale did not complete until the eve

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<sup>15</sup> *Irish Times*, 5 Oct. 1903.

of the First World War in 1914.<sup>16</sup> A complicating factor regarding the Clonbrock estate was the fact that it consisted of so many disparate holdings scattered around the various townlands of east Galway, such as Ballydonnellan, Castlegar, Quansbury, Lecarrow, Clonbrock, Creggaun and Pallas. A further complication was the fact that several of these estates were settled or at least partly settled, giving rise to greater legal complexities.

A similar drawn-out process arose in the case of the Dopping Hepenstall estates in Longford and Wicklow where the sale also took over ten years to conclude. A comment made in 1907 by the solicitor to the Dopping Hepenstall estate, Bernard O'Grady, highlights the change in attitude of the Estates Commissioners in processing claims compared to the period when the Leinster estate was sold: 'the Estates Commissioners are now very particular about having every little parcel of land clearly identified ... Altidore will give us a great deal of trouble in this respect.'<sup>17</sup> By contrast the sale of the 5,797 acre Brookes Estate in Coolgreany, County Wexford, was concluded by December 1904.<sup>18</sup> In this instance, Charles Hamilton who was land agent to the duke of Leinster, was a trustee along with Lord Monck of the Brookes Estate, which may suggest that Hamilton had contacts in the Estates Commissioners office and was capable of expediting a sale. Like the Leinster papers there is little to suggest a high volume of correspondence between Hamilton and the Land Commission regarding the sale.

#### **6.4 Investment trends and traits**

Even within the relatively small sample of estates covered by this study there are a range of trends and traits that emerge. The first was the speed at which the investments were made following the sale of the estate. In the case of the Leinster Estate, which generated proceeds of £766,647 (£84 million in today's value), and which represented a huge investment portfolio, were fully invested within twelve

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<sup>16</sup> Rev. Shanagher P.P. to Clonbrock, 12 Aug. 1905 (N.L.I., Clonbrock papers, MS 35,721.3).

<sup>17</sup> O'Grady to Dopping Hepenstall, 4 Dec. 1907 (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

<sup>18</sup> H.F. Marttey, to Charles Hamilton, 3 Dec. 1904, Hamilton papers (in private possession).

months of receipt of funds.<sup>19</sup> In the case of the Coolgreany estate, the sale proceeds of £61,000 were applied in the purchase of various stocks by the trustees Charles Hamilton and Lord Monck within days of receipt.<sup>20</sup> Much of the Clonbrock proceeds were invested even prior to their receipt. This was possible because all the sales took place after the enactment of the 1909 Land Act and the estate availed of a facility in the act (section 26) to instruct the Land Commission to invest certain of the unencumbered sales proceeds in various stocks pending final payment. Section 26 of the 1909 Land Act recognised that there might be delays between when a sale had been agreed and the ultimate payment of the sales proceeds, and allowed for these funds to be invested in specific quoted securities. This facility enabled vendors to obtain the income from the securities but exposed them to market fluctuation risks. From the Land Commission's perspective, it meant that they did not have to pay interest on the outstanding sales proceeds. Furthermore, sellers wishing to avail of this facility under Section 3 of the Act had to do so at a discount which could be as high as 10 per cent.<sup>21</sup> Similarly, in the case of the sale of the Dopping Hepenstall Wicklow estate in August 1914, investments were being made within days, in stocks, by the family stockbrokers, Barton, Copland & Hamilton, of 4 Foster Place, Dublin.<sup>22</sup>

The speed with which the investments were made showed an urgency in putting the funds to work earning interest. This may have been the advice given to vendor landlords by their solicitors. The rush to invest would be contrary to present day practice whereby the beneficiaries of windfall gains such as those selling property, companies, beneficiaries of wills or even lottery winners would be advised to place the funds on deposit and only after due consideration to commit to investment.<sup>23</sup>

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<sup>19</sup> 'Inflation calculator'

<http://www.bankofengland.co.uk/education/Pages/resources/inflationtools/calculator/index1.aspx> accessed 20.40 Accessed 8 Nov. 2016.

<sup>20</sup> Contract notes 19 Dec. 1904 from Bruce, Symes and Williams, Stockbrokers of 37 Dame Street, Dublin. Hamilton papers (in private possession.).

<sup>21</sup> Statement explaining meaning of election to take Land Stock or cash for purchase money and probable results of such election. 11 Mar.1910 (N.L.I., Clonbrock papers, MS 35,721.5).

<sup>22</sup> Various contract notes from Barton, Copland & Hamilton, Stockbrokers, (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

<sup>23</sup> Based on the author's own experience of over 40 years in managing client investments.



A notable trend from the cases examined was that in all instances almost the entire net proceeds, after encumbrances had been discharged, were invested. There is little documentary evidence to show monies were left aside to cover expenditures on lifestyle type purchases such as cars or renovations to properties. However, there is anecdotal evidence to suggest that many landlords who sold their estates under the Wyndham Act did spend large sums on lifestyle type purchases. The marquis of Sligo who sold almost his entire estate under the Wyndham Act spent a considerable portion of the proceeds renovating Westport House and installing heating and electricity to light and heat the twelve bathrooms he added.<sup>24</sup> Similarly the Butlers of Ormonde spent a significant sum in the electrification of Kilkenny Castle. Following the sale of their estate under the 1903 Act, Mark Bence Jones told the story of how his uncle Reginald purchased a Mercedes limousine with silver flower vases in the passenger compartment following the sale of his estate.<sup>25</sup> Mayo landlord, Sir Henry Moore of Moore Hall, who received £19,000 in bonus payment from the sale of his estate, is said to have ‘squandered it in a few months living like a millionaire in Canada’.<sup>26</sup> There are many such stories but of the cases examined there was little sign of extravagant spending. Again, one cannot but come to the conclusion that selling landlords were cognisant they were exchanging one inter-generational family asset for another and while they were prepared to live off the income, just as they did with rent, they did not countenance treating the capital as something to be sold off to finance a particular lifestyle. In that context, the individual landlords and trustees responsible for managing the sales proceeds acted very responsibly.

In three of the four examined cases the role played by family trusts as a mechanism for protecting wealth for future generations is also evident. The uses of such mechanisms were more common in the nineteenth and early twentieth century than they are today. This was a throwback to the influence of primogeniture and the view that property was to be protected and passed down through generations. The existence of a trust was a powerful tool in protecting wealth from the profligacy of family scions.

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<sup>24</sup> Mark Bence Jones, *Twilight of the ascendancy* (London, 1987), p. 117.

<sup>25</sup> *Ibid.* p. 118.

<sup>26</sup> *Ibid.*

Finally, another characteristic that emerged from the investment portfolios examined is the preponderance of income-producing securities and the absence of any form of inflation protecting investments. This trend would appear to have been universal in that even cursory reviews of other portfolios bear it out. This meant that the portfolios examined contained a fundamental design flaw that would ensure few if any of the families involved would enjoy long-term financial security.

## **6.5 Investment of sales proceeds**

While common investment trends existed, there were also very different investment strategies adopted. It is clear also that as time moved on the strategies changed in the light of circumstances or as new opportunities arose.

The most unorthodox approach was the one adopted by the trustees of the Leinster estate. The trustees in this case, Lord Frederick FitzGerald and Lord Kinnaird, were experienced in both estate management and banking practices. Lord Frederick, the brother of the late 5<sup>th</sup> duke of Leinster, was the 6<sup>th</sup> duke in all but name in that he administered the estate following the death of his brother, Gerald, in 1893 up until his own death in 1924. Lord Kinnaird was a cousin of the FitzGerald family, a leading London banker, a high-profile football player and official and Lord High Commissioner to the General Assembly of the Church of Scotland. This formidable duo oversaw the administration of the estate, its sale and the investment of the proceeds thereof.

At the time of the 1903 Land Act the Leinster estate consisted of five separate estates located at Maynooth, Kilkea, Athy, Castledermot and Kildare. It had disposed of its Rathangan estate (and part of its Maynooth lands) under the Ashbourne Act in 1895. The proceeds realised for the Ashbourne sales totalled £258,020 and much of this was used to reduce debt on the then existing estate.<sup>27</sup> Consequently, there was no external debt on the estate when it was sold in 1903. The sale generated a total consideration of £766,647. After provision for family charges of £40,000,

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<sup>27</sup> Sales and conveyance of lands, undated, (P.R.O.N.I., Leinster Estate papers, SM231Mic 541, D30 78/2/15/16/1 Reel 15).

redemption of various charges, for example, tithes and Board of Works loans of £39,125 and costs associated with the sale of £22,815, the sale resulted in net proceeds of £664,707. To put this in context the gross sales proceeds adjusted for inflation would in today's terms (November 2016) equate to just over £84 million.<sup>28</sup>

Lord Frederick and Lord Kinnaird swiftly invested these proceeds so that by July 1905 the Trust's accountants, Johnsons Long & Co., could provide a full statement of application of funds which showed a fully invested portfolio. (see Table 6.2)<sup>29</sup>

The investment portfolio is unusual by any standards of portfolio management theory in that despite its size there is little if any meaningful diversification provided, no inflation protecting securities and no proportionality in terms of investment size.<sup>30</sup> The key feature of the portfolio is the investment of £603,000 in personal mortgages. Mortgage lending was not unusual in the nineteenth and early twentieth century; however, the scale of the investment in this form of security was unusual. Over 90 per cent of the sales proceeds were loaned to five individuals, a strategy which, regardless of their individual credit worthiness or character, represents a wholly unacceptable concentration and level of risk, particularly when the returns obtained were the equivalent or, in a number of cases, less than the returns available from highly liquid, tradeable sovereign debt.<sup>31</sup> In the case of one of these mortgages a sum of £298,000 or almost 45 per cent of the net proceeds was advanced to the 7th earl of Tankerville. This represented an unwise concentration of risk in one single individual and is at this remove, impossible to countenance or understand. Given the yield obtained, i.e. 3.5 per cent, it is inexplicable to this author why such a high risk / reward profile was placed on the portfolio. The surviving family papers provide no clues as to why such a large sum was advanced to Tankerville.

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<sup>28</sup> 'Inflation calculator'

<http://www.bankofengland.co.uk/education/Pages/resources/inflationtools/calculator/index1.aspx> Accessed 8 Nov. 2016.

<sup>29</sup> Statement of application of funds, July 1905 (P.R.O.N.I., Leinster Estate papers, D.3078/2/15/10)

<sup>30</sup> This opinion is offered based on the author's almost forty years' experience of investment markets and personal wealth management.

<sup>31</sup> Sovereign debt is government guaranteed debt.

The next highest advance by the trustees, representing over 18 per cent of the overall portfolio was advanced to Lord Hastings. Albert Edward Delaval Astley (1882-1956) became the 21<sup>st</sup> Baron of Hastings, on the death of his father in September 1904. The family owned substantial estates in Norfolk and owned several top racehorses, one of which won the Epsom Derby and another the St. Leger.<sup>32</sup> Lord Hastings was a lieutenant colonel in the 7<sup>th</sup> Hussars and served in the First World War.<sup>33</sup> The timing (1904-05) of the mortgage to Lord Hastings might suggest that it was for the purpose of discharging death duties following the death of the 20<sup>th</sup> Baron Hastings. The third highest advance was to Robert Charles Duncombe Shafto of Whitworth Park, Durham. The Duncombe Shaftos were a prominent but untitled family who had an estate in Cumbria. Robert Charles's father had been a member of parliament for Durham in the nineteenth century.<sup>34</sup> Robert Charles (died in 1909) was the Recorder for Newcastle, a position that would have afforded a reasonable degree of social status.<sup>35</sup> Like the FitzGerald, the family lost a son in the First World War. Captain Thomas Duncombe Shafto was killed in the Dardanelles.<sup>36</sup> A sum of £41,000 was advanced to Lord Fitzwilliam. This was William Charles de Meuron who was the 7<sup>th</sup> earl Fitzwilliam whose birth, according to Dooley, was veiled in controversy.<sup>37</sup> It was rumoured that he was a changeling who had been introduced to the Fitzwilliam line to rid it of inherited epilepsy which in the context of the FitzGerald family was ironic in that the 6<sup>th</sup> duke, Maurice FitzGerald, suffered from epilepsy which resulted in him being institutionalised in Craighouse Asylum in Edinburgh from 1909 until his death in 1922.<sup>38</sup> The Fitzwilliams sold most of their Irish estates under the terms of the Wyndham Act so the advance may have been of a temporary nature to tie the family over until the sales were completed. In any event by the time of the 6<sup>th</sup> duke's death in 1922 the loan had been repaid.

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<sup>32</sup> Earl of Dunraven, *Past times and pastimes*, i, p. 186.

<sup>33</sup> Taken from; <https://www.pinterest.com/pin/21251429471797347/> Accessed 22 Apr. 2017.

<sup>34</sup> Dooley, *Decline and fall of the dukes of Leinster*, p. 136.

<sup>35</sup> *The Times*, 26 Aug. 1909.

<sup>36</sup> *The Times*, 14 May 1915.

<sup>37</sup> Dooley, *Decline and fall of the dukes of Leinster*, p. 136.

<sup>38</sup> Michael Estorick, *Heirs and graces: the claim to the dukedom of Leinster* (London, 1981), p. 148.

**Table 6.22. Leinster estate of application of sales proceeds at July 1905**

Security Type	£-s-d	%
Invested in mortgages		
- Loan to Lord Tankerville @3 1/2%	298,000-00-00	44.83%
- Loan to Mr Duncombe Shafto @3 3/4%	82,500-00-00	12.41%
- Loan to Col. Henry Denison @ 3 3/4%	59,000-00-00	8.88%
- Loan to Lord Fitzwilliam @ 3 3/4%	41,000-00-00	6.17%
- Loan to Lord Hastings @ 3 1/2%	122,500-00-00	18.43%
	603,000-00-00	90.72%
Stocks purchased		
- Dublin Corporation 3 1/4%	9,225-01-00	1.39%
- Belfast City 3% stock	8,635-11-00	1.30%
- Belfast Corporation Stock 3 1/2% stock	10,125-08-06	1.52%
- Bank of Ireland 11 1/2% stock	6,213-16-05	0.93%
- Natal inscribed 3 1/2% stock	3,960-19-11	0.60%
- Midland Great Western Railway of Ireland 5% stock	7,872-18-00	1.18%
- Great Southern & Western Railway 4% Guar.		
Stock	1,910-02-03	0.29%
- Caledonia Railway 4% stock	5,883-11-00	0.89%
- Bristol Corporation 3 1/2% stock	3,035-13-06	0.46%
- Lagos 3 1/2% inscribed stock	2,898-16-00	0.44%
- Cape 3 1/2% stock	1,945-01-00	0.29%
	61,706-18-07	9.28%
Total Value of Investments Made	664,706-18-07	100.00%

*Source:* Statement of application of funds, Jul. 1905, (P.R.O.N.I., Leinster Estate papers, D.3078/2/15/10).

Of perhaps most interest was the mortgage of £59,000 (equivalent to £6.5 million in today's value) advanced to Col. Henry Denison. Little is known of Denison other than that he appears to have mixed in good social circles in London. *The Times* reports him as attending various funerals such as that of Lady Albertha the marchioness of Blanford and that of Sir William Pitcairn Campbell.<sup>39</sup> According to *The Times*, Denison was declared bankrupt in 1916:

<sup>39</sup> *The Times*, 12 Jan. 1932; *The Times*, 27 Sept. 1933.

The first meeting was held yesterday, at Bankruptcy Buildings of the creditors of Colonel Henry Denison of Onslow Gardens, S.W., against whose estate a receiving order was made on 6 May. The petitioning creditors were Messer's Eldridge and Morris, financiers of Albemarle Street, Piccadilly. Mr E. Leadham Hough, Senior Official Receiver, who presided, said that according to the debtor's statements, under the will of a cousin who died in 1873 he became entitled absolutely – subject to the life of the testator's widow who died in 1886 – to Babworth Hall and Eaton estates near Bedford. In 1887, he married and executed a marriage settlement under which 1,000 acres of the Babworth Hall estate were settled on trust for his wife and children, with a first life interest to himself. He lived at Babworth Hall until 1906 and afterwards at Eaton Hall. He sold the Eaton Hall estate in March 1914. In 1890, he had mortgaged both estates for £50,000 most of which went to pay a bank overdraft. Four years ago, he created a second mortgage of £15,000. The sale of the Eaton Hall estates was sufficient to reduce the mortgages to £33,000.

The debtor who did not admit that he was insolvent estimated his unsecured liabilities at £7,000. He attributed his financial difficulties to the depreciation of land and to the war.<sup>40</sup>

What is interesting in the above report is that Denison exhibited all the traits of a financially reckless person long before he ever sought a mortgage from the trustees of the Leinster estate. Why the trustees would advance £59,000 to a person with a financial profile as Denison at a rate of return (3.75 per cent) equivalent to that obtainable from a tradeable sovereign backed security, is again inexplicable. It is unclear from the family papers if the Leinster estate did or did not receive a repayment of the loan. Certainly, by 1922 the mortgage did not exist.<sup>41</sup>

The decision to grant a mortgage to Denison is all the more surprising given the evidence from the family papers that the trustees had significant experience in granting mortgages prior to the sale of the estate in 1903. For example, in 1902 a report prepared by a land valuer in respect of a proposed advance of £10,000 to Thomas Ruttledge showed a high level of due diligence carried out on the underlying securities which related to the borrower's estates in Galway and Mayo. The due diligence work carried out involved the valuer visiting the estates, examining the

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<sup>40</sup> *The Times*, 17 May 1916.

<sup>41</sup> Investment portfolio 8 Feb. 1922 (P.R.O.N.I., Leinster Estate papers, D3078/1/3/73-Mic 541[SM:23]) Reel 4.

leases in detail, and carrying out a review of the costs of operating each estate. The report concluded with the valuer stating:

In my opinion the estates are ample security for a loan of £10,000 by the Trustees of the Lady Alice Fitzgerald [trust] as a first charge and I advise the said trustees that they can with safety lend said sum on said security.<sup>42</sup>

The family papers provide no evidence as to whether a similar due diligence exercise was carried out regarding the mortgages granted in 1903 and 1904.

As Table 6.2 shows less than 10 per cent of the net sales proceeds were invested in marketable securities. This is an extremely low figure and is significantly at variance with other investment portfolios examined by the author. Why this should have happened is unclear in that no written investment strategy document as might be expected for such a large portfolio seems to have survived. However, by 1922 the portfolio shows a much higher quoted investment component (53.5 per cent) than the 1905 one.

Apart from the relatively small investment in traded securities (9.28 per cent), an unusual feature is the low number and value of overseas stocks included. There were only five overseas bonds accounting for £17,722 or just 2.68 per cent of the overall portfolio. This is again contrary to the other portfolios examined and to the broader investment trend outlined in chapter 5. This was unusual given that one of the trustees, Lord Kinnaird, was prominent in London financial circles and would have been aware of current investment trends. By 1922, however, this had been altered when the portfolio contained a significantly higher element of overseas stocks.

Assuming, that all those who borrowed from the former Leinster estate honoured their interest obligations, the 1905 portfolio should have generated an annual income of £23,650. This would have compared to a pre-sale gross annual rental income of approximately £31,278.<sup>43</sup> Deducting from this gross rental figure the costs of

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<sup>42</sup> Valuation and report re Thomas Rutledge, 2 Mar. 1902 (P.R.O.N.I., Leinster Estate papers, SM23: MIC 541- D 3078/2/15/15 Reel 15).

<sup>43</sup> The estate papers show rentals between 1899 and 1903 running at an average of £31,278. (P.R.O.N.I., Leinster Estate papers, SM23: Mic541: D3078/2/15/16/1 Reel 15).

operating an estate, such as agent's fees, Board of Works charges, rates, the estate would not have been materially worse off than it was prior to the sale.

Subsequent correspondence between the trustees and Henry Mallaby Deely, the Carton and Kilkea demesnes, which were retained by the family were expensive to maintain and by the end of the second decade of the twentieth century, the evidence suggests that the home demesnes were incurring losses in the region of £8,000 per year.<sup>44</sup>

By contrast, the investment approach adopted by the trustees of the Coolgreany estate in County Wexford was more conventional. The Coolgreany estate was owned by Sir George Brookes and was in 1887 the scene for what became known as the Coolgreany evictions which saw over sixty families evicted. In related disturbances, a tenant, John Kinsella was killed by the party sent to enforce these evictions. George Brooke was part of a well-known Dublin wine merchant family who lived in Somerton House in Castleknock, County Dublin. Brooke was reputed to have led an expensive lifestyle involving lavish entertaining, keeping a string of top quality hunting horses and sending his eight sons to top class English schools to be educated.<sup>45</sup> It may have been these proclivities that resulted in the estate being held in trust rather than in the direct ownership of Brooke but such was the case and the two trustees were Charles Hamilton who was the land agent to the estate and Lord Monck.<sup>46</sup>

Out of total proceeds of £61,503, and after costs of £1,158, a payment of £1,076 to Sir George Brooke and various other disbursements, there was £56,038 available to the trustees for investment. They invested the available funds within two or three

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<sup>44</sup> Henry Mallaby-Deeley (1863-1937) was a wealthy London based financier who famously acquired the duke of Bedford's, Covent Garden estate for £2.75 million in 1913: see *The Sphere*, 27 Dec. 1913. He was elected an M.P. for Harrow in 1910 and held a seat until 1923. He was knighted in 1922. Under a resettlement of the Leinster estate in 1919, it was provided that if Edward FitzGerald succeeded to the dukedom that Mallaby-Deeley would acquire Edward's life interest in the estate. On the death of Maurice, the 6<sup>th</sup> duke, in 1922, Mallaby-Deeley stepped into Edward's shoes and became entitled to his life interest in the estate. For a fuller account of this transaction see Dooley, *Decline and fall of the dukes of Leinster*, pp 196-210.

<sup>45</sup> Bence Jones, *Twilight of the ascendancy*, p. 132; Pauric J. Dempsey. 'Brooks, George (1849-1926) in *Dictionary of Irish biography*, i (Cambridge, 2009), pp 871-2.

<sup>46</sup> Hamilton papers (in private possession).



days of receipt through Bruce Symes & Co. Stockbrokers of Dame Street, Dublin. Hamilton was the most active of the trustees; he had dealt with this firm in a private capacity for a number of years. The portfolio was made up entirely of income generating securities with railway stocks accounting for 55 per cent, dominion bonds 38 per cent and cash representing 7 per cent.<sup>47</sup>

**Table 6.23. Coolgreany estate trust investment portfolio December 1904**

<b>Security</b>	<b>Purchase Price £</b>	<b>Investment Amount £</b>
Canadian Pacific Railway 4% Pref Stock	102 7/8	10,390-12-03
New South Wales 3 1/2% 1924 Stock	96 3/8	7,730-01-00
Grand Trunk Railway Co. 4% Debenture stock	107 15/16	9,811-17-06
Cape of Good Hope 4% 1916/36 stock	104 3/8	8,370-01-00
Ontario & Quebec Railway 5% Debenture stock	136 5/8	2,760-01-09
Cape of Good Hope 4% 1916/36 stock	104 3/4	5,250-01-00
Fishguard & Rosslare Railway Co. 3 1/2% Guar. Stock	101 1/16	7,919-12-06
Balance uninvested – Cash		3,805-10-09
<b>Total portfolio</b>		<b>56,037-17-09</b>

*Source:* Hamilton papers (in private possession).

The portfolio with an average yield of 3.8 per cent would have generated £2,100 in income. Under the terms of a resettlement agreement of 30 May 1907 between the trustees and Sir Roger Brooke, the latter was to receive £1,000 per annum for the remainder of his life and any income above this amount earned by the portfolio.<sup>48</sup> Thus, Brooke would have received almost £2,000 per annum (the equivalent of £220,000 in today's value) from the trust. This would have been in addition to

<sup>47</sup> Hamilton papers (in private possession).

<sup>48</sup> Hamilton papers (in private possession).

income derived from his one-third share in the family wine merchanting business, and fees received from his role as a director, and indeed governor of the Bank of Ireland. Despite this it was not sufficient to fund his lifestyle and in February 1911 he was forced to sell his Somerton residence in Dublin's Castleknock to pay off mounting debts.<sup>49</sup>

As in the case of the Leinster estate, the existence of the family trust would have provided some protection to the Coolgreany estate beneficiaries in that Brooke would only have had access to the income and not the capital of the fund. The 1907 resettlement agreement provided that

After Sir George Brooke's death, and subject to contingent jointure for Lady Brooke, and a sum not exceeding £8,000 for the younger children ... the fund is settled on Mr George Brooke's for life.<sup>50</sup>

George Brooke predeceased his father, having died in action in northern France in October 1914 at the age of thirty-seven.<sup>51</sup> The family records do not contain any documentation relating to the portfolio on the death of Sir George Brooke in 1926 so, unlike the Leinster and the Clonbrook portfolios, it is not possible to assess how the Coolgreany investments performed. On the assumption that the trust remained intact it would have held up reasonably well in terms of nominal capital value in that all the stocks included in the portfolio were still quoted in 1926 and most were at valuations similar to that in 1907. As with the other portfolios examined in this study the absence of any inflation protecting investment would have meant that there was a decline in value in real terms.

The sale of the Dopping Hepenstall Wicklow estate in July 1914 generated approximately £10,000.<sup>52</sup> The evidence from the papers examined suggests that the investment of the sales proceeds was made in a less systematic way than the three other cases examined. In this way, it may well be more representative of other estates

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<sup>49</sup> Dempsey. 'Brooks, George (1849-1926)' in *DIB*, pp 871-2.

<sup>50</sup> Hamilton papers (in private possession.)

<sup>51</sup> Dempsey. 'Brooks, George (1849-1926)' in *DIB*, pp 871-2.

<sup>52</sup> O'Grady to Dopping Hepenstall, 14 July 1914 (N.L.I., Dopping Hepenstall papers. MS 35,836.10).

that did not have the benefit of investment expertise or trustees. In a letter from Dopping Hepenstall's solicitor, Bernard O'Grady, in July 1914 confirming that the Land Commission had placed £10,039 purchase money to the credit of the estate, O'Grady suggested that they meet the following Tuesday 'so that you may consider what application if any should be made as to the investment of the money.'<sup>53</sup> Dopping Hepenstall responded: 'I wrote to Mr Mc Clintock (Public Trustee) who kindly offered to help me with advice on investment questions and should hear from him in a day or two.'<sup>54</sup> O'Grady's reply may imply that he was not pleased with this course of action:

I am in receipt of yours of today that you have been advised to put the purchase money herein on deposit in the Bank. Of course you are aware that the deposit rate of interest is much less today than it was a few days ago when I suggested that you should mention it to the Public Trustee whom you were to consult; however, I have no doubt that he and you have fully considered it, accordingly I shall on Monday, the 10<sup>th</sup> instant., make application to have the money put on deposit unless I hear from you to the contrary by that morning.<sup>55</sup>

The nature of these exchanges is interesting from at least two perspectives. Firstly, the letters between Dopping Hepenstall and O'Grady are written within days of the commencement of the First World War, yet they are so normal and apparently oblivious to the consequences that were to follow and a far cry from 'the lamps are going out all over Europe' comment of Sir Edward Grey, Britain's foreign secretary, on 28 July 1914. They are also interesting, in that they point to the need for selling landlords to develop a new network of contacts to advise them on how to invest the proceeds.

Dopping Hepenstall did not invest the proceeds until March 1915 when he purchased £10,000 worth of 3 ½ per cent war stock 1925-28 via his Dublin stockbroker.<sup>56</sup> This

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<sup>53</sup> O'Grady to Dopping Hepenstall, 31 July 1914, (N.L.I., Dopping Hepenstall papers. MS 35,836.10).

<sup>54</sup> Dopping Hepenstall to O'Grady, 4 Aug. 1914, (N.L.I., Dopping Hepenstall papers. MS 35,836.10).

<sup>55</sup> O'Grady to Dopping Hepenstall, 8 Aug. 1914, (N.L.I., Dopping Hepenstall papers, MS 35,836.10).

<sup>56</sup> Completed application form and cheque 19 Dec. 1914 (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

investment represented the entire proceeds of the sale of his Wicklow estate. While understandable from a patriotic perspective, and, indeed even from an income generating perspective, it does not display any awareness of the risks of concentrating investment in a single security regardless of the nature thereof. Had Britain lost the war, Dopping Hepenstall would have lost everything as it would have been unlikely that Germany would have honoured this debt.

The family papers for the period include a large amount of newspaper clippings relating to various stock market advice pieces. For example, a cutting from the *Daily Mail* of Tuesday, 20 April 1915 gives advice to readers on identifying high yielding stocks.<sup>57</sup> The article identifies several such stocks, mostly dominion bonds, which paid out a coupon in excess of 4 per cent per annum. The presence of such clippings would imply that Dopping Hepenstall was seeking to educate himself in the ways of investing.

Judging by the volume of correspondence and handwritten notes in the family papers it is evident that Dopping Hepenstall had an interest in stock market investment. Records show him dealing in several stocks during the period February to May 1917 such as Japanese Imperial 4.5 per cent bonds and Central Argentine Railway stock.<sup>58</sup> Unlike some of his contemporaries, the family papers point to an interest in purchasing ordinary shares rather than income producing preference shares. Many of the newspaper clippings come from what are referred to in the wealth management business as 'tip sheets'. For example, a clipping from *The London Opinion*, dated 13 January 1917, referred to a company called Fraser and Chalmers, which it recommended as 'a share suitable for capital appreciation and information which has come to hand strengthens the good opinion we had formed on this well managed undertaking.'<sup>59</sup> Dopping Hepenstall acted on this tip as a subsequent letter with the London broker, The British Foreign & Colonial Corporation illustrated:

According to our records you desire us to advise you when we think it is in your interest to make a profitable exchange. We observe you have a profit on your Fraser & Chalmers shares, and although we think it possible that a

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<sup>57</sup> Newspaper clippings, various dates, (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

<sup>58</sup> Various contract notes (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

<sup>59</sup> Newspaper clipping, 13 Jan. 1917 (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

higher price may be seen we would not dissuade you if you were disposed to realise.<sup>60</sup>

The family papers show numerous examples of Dopping Hepenstall engaging in relatively short term trading in stocks. Many of these stocks are relatively exotic in nature such as the Brieh Rubber Estate Limited and Sablas (North Borneo) Rubber Limited. Post 1918 however evidence of share dealing is minimal and by 20 March 1921, Dopping Hepenstall appears to have sold his War Stock when he deposited £9,871 in his Bank of Ireland account.<sup>61</sup> This coincided with a decision by him to leave Ireland and move to England following his marriage to Amy Maude Worsley Tottenham.

The difference between Dopping Hepenstall and the other landlords examined by this study, who sold their estates, was that he did not put together an investment portfolio but rather focussed on a single holding (3 ½ % war loan stock), complimented by short term dealing in other shares. A further difference was that he had largely converted his portfolio to cash by early 1921, prior to his move to England. Unlike the other estates, Dopping Hepenstall did own properties in Dublin, a city residence at 73 Harcourt Street and investment properties in Sandymount and Dalkey. These properties appear to have come into the family's possession in the nineteenth century through various marriage settlements. It is not known when or if these properties were sold but if held, the likelihood is that in present day terms, the Dopping Hepenstall family would be the wealthiest of the four vending families covered by this study despite the proceeds being received for the sale of their estate being much less relative to the others. This assertion illustrates the benefit of including in a portfolio inflation protecting assets such as investment properties.

If Lambert Dopping Hepenstall was a novice at investment, albeit an enthusiastic one, the same could not be said of the 4<sup>th</sup> Lord Clonbrock. By the time his estate was sold in 1914 Luke Dillon had considerable experience in dealing with stockbrokers and buying and selling stocks and shares. The Clonbrock estate papers shows him

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<sup>60</sup> British Foreign & Colonial Corporation to Dopping Hepenstall 7 Sept. 1917 (N.L.I., Dopping Hepenstall papers, Ms 35,873.2).

<sup>61</sup> Bank lodgement receipt, 20 Mar. 1921 (N.L.I., Dopping Hepenstall papers, MS 35,873.2).

acting as trustee in no less than eight trusts, most of which were pertaining to members of the Dillon and Blake families. Many of these trusts were of a substantial nature in terms of the underlying assets. The Grattan Bellew Trust, when established in 1886, had £20,000 to invest in stocks.<sup>62</sup> The Saltoun Trust in 1907 had a share portfolio of over £6,000 and was two years later able to advance £7,500 to the beneficiaries of the trust to purchase a property at 3 Hereford Gardens, Westminster, London.<sup>63</sup> <sup>64</sup> By the time Clonbrock sold his estate in 1914 he had an established network of financial advisors in Dublin and London as well as good working knowledge of how investment markets operated.

The complexities associated with how the sales proceeds of the Clonbrock estate were distributed makes it difficult to get an overall picture as to how the funds were used. Depending on whether the individual estates were settled or not determined how the funds were handled. Proceeds of sale were placed in various trusts and were referred to under various names. These included The Residuary Trust, The Annuities Trust, The Clonbrock Settled Estates Trust and one called the Cloughagalla Trust. In addition, a large portion of the sales proceeds were vested in the name of Lord Clonbrock himself. The existence of these trusts makes it difficult to determine the overall picture as valuations were not prepared for all. However, what is clear is the type and quantity of investments that were placed in each trust and who advised as to the securities to be purchased or sold.

The estate records examined indicate that investment advice, came mainly from the estates solicitors, Maunsell and Browne, and the stockbroking firm of Goodbody Webb of Dame Street, Dublin. The latter was introduced to Lord Clonbrock by Maunsell. Occasionally, a London stockbroking firm, Bertrams, were asked for advice regarding specific stocks but the main body of advice appears to have come from Jonathan Goodbody and Maunsell.

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<sup>62</sup> Bertram Stockbrokers to Luke Dillon, 8 June 1886 (N.L.I., Clonbrock papers, MS 35,809.1).

<sup>63</sup> Handwritten note from Lord Clonbrock for the file, undated (N.L.I., Clonbrock papers, MS 35,809.2).

<sup>64</sup> Lady Saltoun to Clonbrock, 16 Feb. 1909 (N.L.I., Clonbrock papers, MS 35,809.3).

The proceeds were invested almost exclusively in stock exchange quoted securities. There is no evidence, either by way of purchase contracts or in the probate documentation prepared on the death of the 4<sup>th</sup> Baron in 1917, or the 5<sup>th</sup> lord in 1926, to suggest that there was any investment in property, private companies or the purchase of precious metals such as gold. There was a small investment made in mortgages based on Canadian residential properties but this was by way of a personal contact and in any event, was insignificant in the context of the overall portfolio value.

Given that all the sales took place after the enactment of the 1909 Land Act, Clonbrock availed of section 26 of the 1909 Act. Section 26 provided that: ‘Where an estate is vested in the Land Commission by a vesting order made by them, the purchases money may be paid into Bank of Ireland and invested in like manner as if the estate had been sold to persons other than the Land Commission’<sup>65</sup> The effect of this provision was that where a sale had been agreed but funds had not yet been paid over, the landlord could request that the funds be invested rather than retained in a cash deposit. Sellers wishing to avail of this facility had to do so at a discount which could be as high as 10 per cent.<sup>66</sup> Clonbrock availed of this facility and hence when the consideration in respect of the sale of the Ballydonnellan estate was paid over the following stocks were transferred instead of cash (the prices shown are the cost prices):

• Argentine Government Railway Guarantee 4 per cent Rescission Bonds	£4,919-8-6
• Atcheson Topeka Santa Fe Railway 4% Adjusted Bonds	£4,921-1-0
• Chicago Milwaukee & St Paul Railway 4% General Mortgage Gold Bonds	£3,989-7-0
• Baltimore & Ohio RR 4 ½% 20 years Convertible Gold Bonds	£3,961-18-6
• Buenos Ayres Western Railway 4% Debenture stock	£4,999-2-4
• North Western Railway 4% Preference stock	£4,998-19-8

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<sup>65</sup> Irish Land Act 1909, section 26.

<sup>66</sup> Statement explaining meaning of election to take Land Stock or cash for purchase money and probable results of such election. 11 Mar. 1910 (N.L.I., Clonbrock papers, MS 35,721.5).

These were all railway stocks which to some extent reflects the investment practice of the time. None of the stocks are ordinary shares and are instead income based bonds. This illustrates the point made in an earlier chapter that investors were preoccupied by income rather than capital appreciation. In structuring a portfolio in this way, it is unlikely to protect it from the ravages of inflation particularly where the income is being drawn-down to fund living expenses. The holdings also highlighted the interest in overseas stocks. In this case five of the six stocks are in companies operating in the Americas. Even by the standards of the time this is an extremely high exposure to overseas markets. A final observation is the size of each holding i.e. £4,000-5,000. As will become obvious when the broader portfolios are examined the main means of achieving diversification appears to have been to purchase many stocks rather than fewer but larger holdings. While such an approach might provide some protection against stock specific risk it afforded no protection against market risk. The approach adopted by Clonbrock of spreading risk in this way was in marked contrast to that of the trustees of the Leinster estate who made large investments in a small number of mortgages to individuals.

The 4<sup>th</sup> Lord Clonbrock was personally involved in how the sales proceeds were invested. Like Dopping Hepenstall the family papers suggest that he read 'stock tip sheets' and these papers show he requested information from various providers of information relating to specific stocks and even French government and municipal bonds. Notably, while he engaged with his solicitor and stockbroker he did not at any stage grant them power of discretion to invest his available funds and instead dealt with his broker on an advisory basis.<sup>67</sup> In the case of any of the trusts established following the sale of the estate such as that for the payment of annuities to various members of the Dillon family, the investments had to comply with directions set down by the Public Trustee.<sup>68</sup>

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<sup>67</sup> Power of discretion meant that the stockbroker would have had authority to buy and sell shares on behalf of the client without having to obtain his consent for each transaction. An advisory relationship meant that while he could advise the client on particular stocks he could not buy or sell without the client's express consent.

<sup>68</sup> A Public Trustee is a statutory office established in Britain and Ireland under the Public Trustee Act 1906. The statutory roles include acting as a trustee to a deceased's estate in the event of there being no executor appointed, administering the estates of people who are declared wards of court and acting as a trustee where the appointed trustees are unable or



Clonbrock showed himself to be a discerning investor as evidenced when dealing with an investment opportunity in Vancouver residential mortgages. While he did invest up to £5,596 in the project this was small relative to the overall investment and clearly the promoter was hoping that he would have invested more.<sup>69</sup> In a letter dated 25 July 1914 it was recommended that he invest up to £50,000 in this mortgages scheme.<sup>70</sup> The person behind the project was Gilbert Mahon who was introduced to Luke Dillon by his brother, John Mahon who was also a brother of William Mahon who acted as land agent for the Clonbrock estates. In a memorandum to Clonbrock, Mahon wrote:

For those who can run no risk, and are entirely dependent upon income, I recommend well secured 3 to 5-year mortgage loans secured on city real estate and yielding about 6%. These mortgage loans are made up to about 50% of the value of the site and the buildings which are both given as security for the loan. These loans form a sound investment, and range roughly from £500 to £10,000.<sup>71</sup>

The nature of the documentation setting out this investment opportunity suggests that the scheme was being proposed to many potential investors, so it is likely that other vendor landlords were approached. While the scheme was within the law, the expectation of return was overstated, and the risks involved understated. The lure of a 6 per cent return for no risk would have proved attractive to many potential investors. However, the correspondence between Clonbrock and Mahon reveals caution being applied, particularly with regard to whose name the mortgages were held in.<sup>72</sup> A note made by Clonbrock dated December 1913 shows how he used his

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unwilling to act. An additional duty and the one most relevant to trusts established by vendor landlords such as Clonbrock, was to maintain a list of approved stocks that might be purchased by trustees. This list was not exhaustive and the Clonbrock papers show several instances whereby the trusts solicitors, Browne & Maunsell, applied to the Public Trustee for approval regarding a particular stock.

<sup>69</sup> Account book entry, 31 Mar. 1914 (N.L.I., Clonbrock papers, MS 35,816.8).

<sup>70</sup> Gilbert Mahon to Clonbrock, 26 Jul. 1914 (N.L.I., Clonbrock papers, MS 35,816.8).

<sup>71</sup> Memorandum John Mahon to Clonbrock, undated (N.L.I., Clonbrock papers, MS 35,816.8).

<sup>72</sup> The papers show that Mahon wanted to hold the mortgages in his own name for reasons of administrative convenience whereas Clonbrock insisted and secured the mortgages in his name.

social network to get views on particular investments. In this note, which relates to the Vancouver mortgage proposal, he wrote:

Saw C La Touche at the Club who explained that his objection to investing in Canadian mortgages at present was that there was a fear of a 'slump' in Canadian affairs, and unless one was able to watch what was going on, or had someone on the spot in whom one had implicit confidence.... He also did not like mortgages being in another name. [he] said that one could trust Gilbert M [Mahon] so that objection is removed.<sup>73</sup>

The utilisation of social networks highlights the connections between the former social elites in the same way that Clonbrock's, engagement with W.F. Baily albeit fruitless, throws light on the interactions between the upper echelons of the landed class and high-ranking government officials.

Clonbrock's reservation regarding investment in the Canadian mortgage market was shown to be well-founded as subsequent correspondence from Mahon revealed. In May 1915, he wrote: 'I have looked over your mortgages and regret to find that the big one in Vancouver – No. 197 Pike – is somewhat slow.'<sup>74</sup> In a letter in December 1916 Mahon wrote again regarding the same mortgage: 'The mortgagor acknowledges that he cannot pay up interest and we took a quit claim deed.'<sup>75</sup> By 1918 the position had clearly worsened when Mahon reported: 'I am afraid we have had bad luck in Vancouver, but I believe the foreclosure securities have a tangible value and will sell when times are normal again.'<sup>76</sup> While the 4<sup>th</sup> Lord Clonbrock did not see much of a return on his Vancouver mortgage investment, his son did, as the mortgages were sold in 1921 for approximately the same amount as the original investment.

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<sup>73</sup> Handwritten note by Lord Clonbrock dated December 1913 (N.L.I., Clonbrock papers, MS 35,816.8). The reference to C La Touche most likely refers to Christopher Digges La Touche of the famous banking family. Christopher was joint managing director of Arthur Guinness & Co. from 1902 until his death in late 1914. As managing director of Guinness, he was a highly-regarded figure in Dublin business circles as evidenced by the following description by one of the company's barley suppliers, Herbert Hunter, 'My impression was of a man of great abilities and drive, in outlook progressive.' Quoted in Michael Mc Ginley's, *La Touche family in Ireland* (Dublin, 2004), p. 322. As such it is not surprising that Clonbrock would have sought his advice.

<sup>74</sup> Gilbert Mahon to Clonbrock, 21 May 1915 (N.L.I., Clonbrock papers, MS 35,816.8).

<sup>75</sup> Gilbert Mahon to Clonbrock. 28 Dec. 1916 (N.L.I., Clonbrock papers, MS 35,816.8).

<sup>76</sup> Gilbert Mahon to Clonbrock, 8 Aug. 1918 (N.L.I., Clonbrock papers, MS 35,816.12).

Clonbrock was a diligent manager of his investments. He, and subsequently his son, Robert, maintained detailed records of the securities held recording such details as the cost price, the date purchased and the dividends and the dates these were received. The dividend books only commence in 1914 which suggests that there were few personal holdings prior to the sale of the estates other than the stocks held in the aforementioned trusts of which Clonbrock was a trustee. He bought and sold a large volume of stocks up to the period of his death in May 1917 when his estate was valued at £199,534.<sup>77</sup> Whether by accident or design the estate being valued below £200,000 meant a saving in death duty, as the rate chargeable below this figure was at 11 per cent whereas above was levied at 12 per cent.<sup>78</sup> The death duty chargeable on the overall estate was just under £22,000 representing a significant outflow of funds and highlighting the impact of death on an estate. Given that the 5<sup>th</sup> Baron was to die in 1926, when a further £32,000 in death duty was incurred, it is easy to see the severity of the impact of this tax.

The deaths of the patriarchs of the Dillon family afford an opportunity to examine how the Clonbrock estate was structured post its sale in 1914 in terms of the legal structures employed to protect the estate, the nature of the family's investment portfolios and a benchmark for measuring performance. Coupled with available tax returns for a number of years they allow for an analysis of what economic life was like for the Clonbrocks in the post Wyndham era.

The probate papers and related workings provide several insights into the investment process. Firstly, in keeping with the approach adopted by trustees of the Leinster and Coolgreany estates and the Dopping Hepenstall estate, it is apparent that all the estimated sales proceeds of over £213,000 received in 1914 were fully invested in financial securities. Secondly the heavily settled nature of the estate had a major

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<sup>77</sup> Browne & Maunsell to 5<sup>th</sup> Baron Clonbrock, 26 July 1917 (N.L.I., Clonbrock papers, MS 35,816.14).

<sup>78</sup> The scale of rates of death duties was based on a band system. The rates applying on the Clonbrock estate following the death of the 4<sup>th</sup> Lord in 1917 were based on those set out in Section 54 of the Finance Act (1909-10) 1910 [10 Edw, 7. Ch.8]. Under this section estates valued between £100,000 and £200,000 were taxed at 10 per cent. whereas those valued at between £200,000 and £300,000 had a rate of 11 per cent applied. By having the estate valued at £199,534 as opposed to £200,001 gave rise to a saving of just over £1,000.

influence in how the sales proceeds were allocated and held. Thirdly the investment trends identified in Chapter 6 were evident in how Clonbrock invested the sales proceeds.

The value of the 4<sup>th</sup> Lord Clonbrock's estate at the time of his death in May 1917 for death duty purposes was £199,534.<sup>79</sup> By far the largest element of this was five investment portfolios of stocks and shares, four of which were in trusts and the fifth in the name of Lord Clonbrock himself. Details of these portfolios are set out in the tables below. The first of these pertains to stocks held in the name of Lord Clonbrock himself. These were his own personal property, and were not subject to any 'settled estate' claims. This portfolio which was valued by Goodbody Webb for probate purposes at £48,313 consisted of a portfolio of nineteen individual securities with the largest holdings invested in war loan stock.

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<sup>79</sup> The value of the estate was shown as £199,534 which should have included all properties such as investment portfolios, real property and various heirlooms and personal chattels. The family papers do not provide a breakdown of this and the original probate valuations are not available. Based on an analysis of the various investment portfolios these come to a total valuation of £211,780. The difference may be accounted for because of the values ascribed to several the financial securities. In the absence of definitive prices, the study used the nominal value of the stock which may in the case of certain bonds e.g. Irish Land Bonds, be overstating their value. In any event, it is not felt that the differences are overly significant in the context of the portfolios or the overall picture that emerges.

**Table 6.24. Valuation of personal holdings of 4<sup>th</sup> Lord Clonbrock 12 May 1917**

Security	Price £	Valuation £
Anglo Argentine Tramway Co. 4% Debenture Stock	70	2,100
Buenos Ayres Pacific Railway Co. 5% Debenture Stock	82 1/4	2,475
City of Montreal 4 1/2%	84	2,520
Cunard Steamship Co. Preference Stock	83 3/4	2,914
Calcutta Electric Supply Co. 5% Cumul Preference stock	4 1/8	2,475
Canadian Pacific Rly. Co. Preference Stock	76	4,560
Dunlop Rubber Co. Preference Shares 6%	20 1/7	2,025
Eastern Telegraph Co. Ordinary Shares	138	4,140
Consolidated Goldfields Preference Shares	7/8	2,100
Gaslight & Coke Preference Shares	73	2,190
Hudson Bay Preference Shares	4 2/5	3,700
Westminster Electric Supply Ordinary Shares	5 5/8	1,688
War Loan Stock 5% (1920)	94 3/5	2,831
War Loan Stock 5% (1921)	94 3/5	5,066
Irish Land Stock 2 3/4%	55 1/2	3,973
War Loan Stock 5%	94 3/5	497
French 5% Rentas Bonds	82	525
Province of Buenos Ayres Funding Certificate	85	172
Province of Buenos Ayres 3 1/2% Bonds	47 1/4	2,362
<b>Total Value</b>		<b>48,313</b>

*Source:* Valuation by Goodbody Webb, Stockbrokers for probate purposes 12 May 1917 (N.L.I., Clonbrock papers, MS 35,816.14).

The largest of the Trust portfolios was the Clonbrock Settled Estate portfolio which had an estimated value of £83,490. As a settled trust under the trusteeship of John Shawe Taylor and Clonbrock's brother-in-law, Lord Crofton, Clonbrock was not entitled to ownership of the assets included but, as in the case of George Brookes and the Coolgreany trust, he was entitled to the income derived from the investments and

during his life. This income was paid into his account with Bank of Ireland, Ballinasloe. As with Clonbrock's personal account there are a relatively large number (eighteen) of individual holdings in this portfolio, the largest of which is an Exchequer Bond with an estimated value of £12,500. Again, this is in stark contrast to the Leinster estate trust

**Table 6.25. Valuation of Clonbrock settled estate Trust at 12 May 1917**

<b>Security</b>	<b>Price £</b>	<b>Nominal Value £</b>
Great Northern Railway, Ireland 4% Consolidated Pref Stock		100
Great Northern Railway, Ireland Ordinary shares		100
Exchequer 5% Bond 1922		12,600
New South Wales 4% Inscribed stock		6,000
New Zealand Consolidated 4% Stock 1929		6,000
Tasmanian Government Stock 4% Inscribed Stock		6,010
Queensland 4% Inscribed Stock 1940/50		6,000
Canadian Pacific Railway 4% Debenture stock		5,394
Swedish 3 1/2% Bond 1890		3,263
Madras Southern Mahratta Railway 4% Debenture 1938		3,000
Madras Southern Mahratta Railway 4% Debenture 1936		2,000
Great Western Railway 5% Consolidated Pref. Stock		2,500
Central Argentine Railway 4% Debenture Stock		8,300
War Loan 3 1/2% Stock		10,000
Cape of Good Hope 3 1/2% Consolidated Pref. Stock		5,224
Bank of Ireland Inscribed Stock		2,220
War Loan 5% Stock		3,429
War Loan 5% Stock		1,350
<b>Total Value</b>		<b>83,490</b>

*Source:* Statement of securities held in portfolio as at 12 May 1917 (N.L.I., Clonbrock papers, MS 35,816.14).

Another portfolio that was subject to a trust was the Clonbrock Residuary Trust. The family papers do not provide any evidence of what the purpose of this trust was but as with the Clonbrock Settled Trust the income on the investments was paid directly to Lord Clonbrock. Again, the portfolio contained eighteen individual securities with the largest single holding being an Irish Land Bond with a nominal value of £7,160, although in reality the value of this security might well have been half of that value

given the unpopularity of land bonds as an investment. The portfolio, which had an estimated value of £45,033, contained many of the same stocks as the other trust portfolios.

**Table 6.26. Valuation of Clonbrock residuary estate trust at 12 May 1917**

Security	Price £	Nominal Value £
Anglo Argentine Tramway Company 4% Debenture Stock		3,000
Buenos Ayres Pacific Railway Company 5% Debenture Stock		3,000
Cunard Steamship Company Preference Shares		3,500
Calcutta Electric Supply 5% Cumulative shares		600
Canadian Pacific Railway Company Pref Shares		6,000
Dunlop Rubber Company Preference shares 6%	20 1/7	2,000
Consolidated Goldfields Preference Shares	7/8	2,400
Gaslight & Coke Preference Stock	73	3,000
Hudson Bay Preference Shares	4 2/5	800
War Loan Stock 5%		4,394
Land Bonds 2 3/4% 1933		7,160
Midland Great Western Railway Consolidated Stock		5,150
Midland Great Western Railway 5% Preference Stock		250
Great Northern Railway Stock		100
CONSOL's		614
French 5% Rentas Bonds		525
Province of Buenos Ayres Funding cert		178
Province of Buenos Ayres 3 1/2% Bonds		2,362
<b>Total Value</b>		<b>45,033</b>

*Source:* Statement of securities held in portfolio as at 12 May 1917 (N.L.I., Clonbrock papers, MS 35,816.14).

A smaller trust known as the Annuities Trust, which was used to pay annual settled payments to Clonbrock's three daughters, had an estimated valuation of £29,800 and was made up of just five individual securities.

**Table 6.27. Valuation of Clonbrock annuities trust at 12 May 1917**

<b>Security</b>	<b>Price £</b>	<b>Nominal Value £</b>
Argentine Gov. Railway Recission Bonds		5,900
Buenos Ayres Western Railway Company 4% Debenture		5,196
North Eastern Railway Company 4% Preference Stock		4,894
War Loan 5% Stock		4,543
War Loan 5% Stock		9,267
<b>Total Value</b>		<b>29,800</b>

*Source:* Statement of securities held in portfolio as at 12 May 1917 (N.L.I., Clonbrock papers, MS 35,816.14).

The final trust portfolio was called the Cloughagalla Trust and consisted of only two holdings and had a value of £5,144 on the 4<sup>th</sup> Lord's death. The income on this trust was paid to Lady Clonbrock.

**Table 6.28. Valuation of Cloughagalla trust at 12 May 1917**

<b>Security</b>	<b>Price £</b>	<b>Nominal Value £</b>
Canada 4% Registered Stock 1940		4,969
War Loan 5% Stock		175
<b>Total Value</b>		<b>5,144</b>

*Source:* Statement of securities held in portfolio as at 12 May 1917 (N.L.I., Clonbrock papers, MS 35,816.14).



Consolidating the five Clonbrock portfolios into a single one reveals the following breakdown by investment category.

**Table 6.29. Breakdown of Clonbrock portfolio by investment category as at 12 May 1917**

Security	Valuation	Valuation
	£	%
International Bonds	109,150	51.54%
War Loan Stock	41,552	19.62%
UK Corporate & Treasury Bonds	33,697	15.91%
Irish Stocks	10,420	4.92%
Irish Land Bonds	11,133	5.26%
Ordinary Shares	5,828	2.75%
Total	211,780	100.00%

*Source:* This table has been derived from an analysis of the previously shown Clonbrock portfolios at the time of the 4<sup>th</sup> Lord's death in May 1917.

The above analysis shows the extremely small investment in equities or ordinary shares (2.75 per cent) and the preponderance (97.25 per cent) of income producing stocks and bonds. Given the rapid rise in inflation occasioned by the First World War, this had serious consequences for the value of the portfolio. Between the sale of the estates in 1914 and the end of 1917 inflation in Britain and Ireland totalled 55.8 per cent which meant that in real terms the purchasing power of a portfolio valued at £200,000 would have fallen by 55.8 per cent or £111,600.<sup>80</sup>

With a weighting of 51.54 per cent the portfolios also reflected the strong attraction of high yielding international bond-type investments, be they of a sovereign, municipal or corporate nature. In 1917, £64,000 or 30.2 per cent of the total portfolios were invested in railway stocks. Almost 20.0 per cent of the total of the

<sup>80</sup> The inflation figures have been sourced from <http://inflation.stephenmorley.org> accessed 20 Oct. 2016.

portfolios was invested in war loan stock. The other noticeable feature was the relatively small holding of just under 5 per cent in Irish securities.

The question arises as to how such portfolios would have performed in terms of generating income compared to what might have earned from Clonbrock's landed estate. The existence of super tax returns for the year 1916-17 provides a good insight.<sup>81</sup> In a report (see Table 6.1 above) prepared by Lord Clonbrock's accountant, George Mahon, in 1905, in anticipation of the sale of the estate, it was estimated that gross rentals from the estate were £9,861, which after the payment of various charges produced a net income of £6,329. Relative to this, the investment income figure of £8,036 declared in his super tax returns for 1916-17 was far in excess of this figure.<sup>82</sup> Thus, Clonbrock's income from investments far exceeded the net rental income previously generated from his estate. The full tax return for the tax year 1916-17 is shown in Appendix 6.1 and provides data on how his financial affairs were in the year in question. The tax year chosen is appropriate for a number of reasons but particularly because it was the first full year where Clonbrock was almost totally reliant on the income derived from his investments. It was also the last year of his life, and before death duties would take almost £22,000 from the value of the estate.

Assuming that the Clonbrock estate was representative of many former Irish landed estates up to 1918 the initial years following the sales must have been good for their owners. Freed from the pressures of dealing with recalcitrant tenants, pressures from creditors, the uncertainties and vicissitudes of running a landed estate and having the comfort of knowing that all one had to do was open an envelope and deposit yet another dividend cheque into one's bank account, life from a financial perspective and setting aside the political developments around the third Home Rule crisis, the life of the newly conceived rentier class was superior to the life of a landlord. This situation might very well have continued for many years except for the ravages of

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<sup>81</sup> Super tax was introduced in the Finance Act 1914, Section 3, as a means of raising money for the War effort. Super tax was in addition to Income tax which was levied at 1s-3d in the pound. Super tax was paid on all income over £2,500 and was on a graduated scale starting at 5d in the £ and topping out at 1s-4d for incomes over £8,000 per annum.

<sup>82</sup> Super Tax return to the inspector of taxes for tax year 1916/17, (N.L.I., Clonbrock papers, MS 35,819.10).

inflation, death duties, bad investment decisions and human proclivities undermined or destroyed entirely the value of their wealth. While each individual family case was undoubtedly unique there were however, universal factors that impacted on all.

## **6.6 Investment performance**

The measuring and assessing of performance requires a benchmark or other reference point. In the case of an investment portfolio the benchmark is usually the original investment objectives set by the owner of the funds when setting it up. These objectives might include protecting the capital value, obtaining a specified level of capital growth or generating a particular level of income from the portfolio. While there is nothing in any of the family papers examined that set out precisely these objectives it is a reasonable assumption based on the structure of the portfolios that the key objectives were capital protection and income generation. The measurement of performance requires a meaningful timeframe which should be sufficiently long to even out short-term fluctuations in markets. For example, it would be meaningless for long term portfolios such as those examined in this chapter to measure performance daily, weekly or monthly. In the case of the Leinster and the Clonbrock portfolios the deaths of family patriarchs do allow us examine investment performance over an extended period.

This research shows that all the portfolios examined would have generated annual incomes in excess of the net rental income figures generated prior to the sale of the estates. Assuming all other factors remained equal, this would have meant that the individuals involved would have had a higher income levels in the initial years than they did previously.

**Table 6.30. Estimated surplus of annual investment income over net rental income for four estates 1904-18**

Estate	Annual Gross Rents	Annual Estate Costs	Annual Net Rents	Annual Investm ent Income	Surplus Investm ent Income
	£	£	£	£	£
Estate Leinster	32,220	11,277	20,943	23,720	2,777
Clonbrook Estate	9,861	3,532	6,329	8,036	1,707
Dopping Hepenstall Estate	480	150	330	350	20
Coolgreany Estate	2,735	957	1,778	2,100	322

*Source:* The data used in compiling this table has been extracted by the author from the family papers of the four estates examined 1904-18.

Before examining the effects of inflation on the portfolios, their performance in terms of capital appreciation and protection will be examined. The opportunity to do this was afforded by the deaths of the family patriarchs, the 6<sup>th</sup> duke of Leinster in 1922 and the 4<sup>th</sup> and 5<sup>th</sup> lord Clonbrocks in 1917 and 1926 respectively. In the case of the Clonbrook estate, estate duties impacted with the death of the 5<sup>th</sup> baron Clonbrook, Robert Edward Dillon, at the age of fifty-eight in November 1926.<sup>83</sup> His death, without issue, ended the Clonbrook title and without a male line meant the unravelling of the various settled estate trusts and the distribution of the remaining estate to the three daughters of the 4<sup>th</sup> baron. According to a valuation carried out by the family's solicitors, Mecredy & Son, on December 1926 the 5<sup>th</sup> baron's estate was provisionally valued at £153,384 although to this figure had to be added an amount to cover the value of heirlooms and as yet unsold estate lands. If it is assumed these unascertained sums to be relatively small the value of the estate had fallen by £46,150 from £199,534 on the death of the 4<sup>th</sup> baron in 1917. Approximately £22,000 of this would have been due to the death duties arising on his death and the remainder appears to have resulted from a fall in the value of investments. Table

<sup>83</sup> *Irish Times*, 3 Nov. 1926.

7.11 below provides a breakdown of the estate for probate purposes following the death of Robert Dillon in 1926.

An estate of this size in 1926 would have attracted death duty at a rate of 21 per cent resulting in a liability of £32,210.<sup>84</sup> This meant that over £54,000 or roughly quarter of the original sales proceeds of the Clonbrock estates had been used to pay estate duties in the ten years since the estate was sold.

The Clonbrock case highlights a number of important factors that can impinge on family wealth when represented by investment portfolios rather than a real asset such as land.

Firstly, how a prudent and diligent family who displayed no extravagance in their lifestyles can see their fortune seriously undermined by a failure to protect that wealth from inflation. Secondly it shows how wealth erosion can be happening while living standards and income levels are well ahead of earlier expectations. And thirdly, it illustrates how bad luck in the form of the death of two family patriarchs in relatively quick succession can have a major impact on the value of a family's wealth through liability to death duties.

A footnote to the Clonbrock case study was that in 1976 the *Irish Times* reported that following the sale of Clonbrock House to a local developer the auction of its furniture, art works and silverware generated £185,000 in sales.<sup>85</sup> A subsequent sale in Sotheby's, London of a sword belonging to Napoleon, which had been a family heirloom since 1833, generated a further £50,000.<sup>86</sup> While the investment portfolio put together so painstakingly by the 4<sup>th</sup> Lord Clonbrock, and nurtured by his successor, may have proved vulnerable in the face of inflation the contents provided a worthy buffer and albeit some sixty years later secured more than the sale of the 28,000-acre estate ever did, albeit on a non-inflation adjusted basis. The Clonbrock portfolios, while still worth £121,174 following the death of the 5<sup>th</sup> baron in 1926,

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<sup>84</sup> Finance Act 1926, Schedule 4, Scale of rates of Estate Duties – <http://www.irishstatutebook.ie/eli/1926/35/enacted/en/html> accessed 21 Oct. 2016.

<sup>85</sup> *Irish Times*, 3 Nov. 1976.

<sup>86</sup> *Irish Times*, 13 Nov. 1976.

would have suffered from the ongoing decline in bond values and the high international bond component (over 51 per cent in 1917 – per Table 6.9) would have been negatively impacted by the stock market crash in 1929 as would the value of war loan stock conversion of June 1932 (see footnote 109).<sup>87</sup> Terence Dooley describes how Clonbrock House: ‘After 1929, the house was emptied of its servants, and as farming had been severely affected by the developments of the 1920s, there was no more money to spend on its upkeep.’<sup>88</sup>

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<sup>87</sup> The value of £121,174 was arrived at by taking the value of the portfolio on the death of the 5<sup>th</sup> baron in 1926, £153,384, (see Table 6.11) and subtracting the death duty paid on his death, £32,210.

<sup>88</sup> Terence Dooley, Clonbrock: history of a big house, [http://www.aughty.org/pdf/clonbrock\\_history\\_bighouse.pdf](http://www.aughty.org/pdf/clonbrock_history_bighouse.pdf) accessed 23 Apr. 2017.

**Table 6.31. Statement of property passing on death of 5th Baron Clonbrock on 1 Nov. 1926**

	<b>Deceased was absolutely entitled to:</b>	<b>£-s-d</b>
1	Securities domiciled in Irish Free State	9,884-10-00
2	Securities domiciled in England	11,880-00-06
3	Two policies of insurance	1,500-00-00
4	Cash in hands of solicitor	734-14-02
5	Cash in hands of Gilbert Mahon	87-05-04
6	Value of first moiety of Vancouver mortgage No. 189	120-00-00
7	Refund of Income Tax from England	246-10-00
8	Value of heirlooms - Value unascertained at present	TBA
9	Apportionment of income on securities in which he had a life interest.	1340-00-00
10	Personal effects - not valued yet say	20-00-00
11	Value of live-stock and outside effects	4,828-14-09
12	Value of interest in 'Annuities Trust'	12,866-03-01
13	Value of interest in 'Cloughagalla Trust'	2,245-04-01
14	Value of real estate not subject to 'Clonbrock Settled Trust'	436-00-00
		46,189-01-11
		<b>£-s-d</b>
	<b>Deceased was tenant for life of</b>	
1	Value of life interest in 'Annuities Trust'	12,866-02-01
2	Value of life interest in 'Cloughagalla Trust'	2,245-04-01
3	Value of life interest in Real Estate not subject to 'Settled Trust'	436-00-00
4	Value of life interest in 'Residuary Trust'	21,043-02-02
5	Cash in hands of solicitor	744-13-02
6	Cash in hands of Gilbert Mahon	74-15-10
7	Value of first moiety of Vancouver mortgage No. 189	120-00-00
8	Value of securities in 'Clonbrock Settled Trust'	69,665-4-10
9	Value of Clonbrock Settled and unsold estates - Value to be determined	TBA
		107,195-02-02
	<b>Total value of Estate - Subject to values being determined for (8) &amp; (9) above</b>	153,384-02-02

*Source:* Statement of property passing on death of Robert Dillon, 5<sup>th</sup> Baron Clonbrock, (N.L.I., Clonbrock papers, MS 35,804.10).

In the case of the Leinster estate the death of Maurice FitzGerald, the 6<sup>th</sup> duke, in February 1922, at the age of thirty-five, also facilitates an examination of the changes in the make-up of the portfolio that had taken place since 1905. The estate's investment portfolio was valued for probate purposes at the date of the 6<sup>th</sup> duke's death at £675,668 compared to £664,707 in July 1905. This increase in value would suggest that it did not incur a loss on the Denison mortgage (£59,000) or on any of the other loans advanced. This is said on the basis that there was little if any scope for capital appreciation in the 1905 portfolio and as the income derived from the portfolio was used to fund the running of the Maynooth and Kilkea houses and other family expenses, had a large capital loss been incurred one would expect to see a reduction in the value of the portfolio rather than an actual increase. In real terms, however, the value of the portfolio would have reduced due to the high inflation rates experienced in the War years.

While the overall value did not vary much in nominal terms, its structure did change quite significantly in that quoted securities represented 53.5 per cent of the overall portfolio value of £675,668 while mortgage loans constituted 46.5 per cent (previously over 90 per cent). The stock portion of the overall portfolio, the full details of which are set out in Appendix 6.2, makes for interesting reading. The portfolio comprises of forty-nine individual holdings, the largest was a 4% national war bond with a value of £45,258. Reflecting the desire for income, the portfolio consists entirely of income generating stocks with little or no capital appreciation potential or protection against inflation. As Table 6.12 shows 65.4 per cent of the stocks were either British government or U.K. municipal bonds and a further 13.56 per cent was in dominion bonds. The portfolio also contains a high level, 19 per cent, of British and empire railroad stocks. Railroad stocks were a staple of investment portfolios at the time. This was because they constituted such a large part of the stock-market indices. For instance, in 1900, 62.8 per cent of the value of all stocks traded on the New York Stock Exchange were railway stocks. While not as significant as in the case of the New York Exchange, railway stocks were a substantial component of the London Stock Exchange. In 1913, they constituted 37 per cent of the index, 31 per cent in 1920 and 20.5 per cent in 1933. By comparison bank stocks which are now one of the largest components on the London Stock



Exchange made up just 2.3 per cent of the overall index in 1920.<sup>89</sup> Railway stocks were popular in portfolios in that they were regarded as offering a secure and predictable rate of return. The reason for this was that following the appreciation and subsequent fall in railway stocks in the 1850s there was a significant amount of consolidation in the sector. Many of the small local railway companies merged so that by 1920 there were only four major rail companies in Britain i.e. Great Western, London and North Eastern, London Midland and Scottish Railway and Southern Railways. These four were to become one in 1948 when all were merged into British Rail. In the opening decades of the twentieth century railway stocks were attractive in that they were what investment managers term 'cash cows'.<sup>90</sup> This was due to the fact that they had already developed the rail network and paid for their rolling stock so there was little requirement for major capital expenditure with the result that they generated large amounts of cash which could be used to pay dividends to their bond holders. Rail travel peaked in 1914 when there were just over 1 ½ billion passenger journeys taken in Britain. As the century progressed, however, the growth in road transport for goods, bus travel for people and an increase in motor cars all placed pressure on the railway companies and their profitability declined. By 1925 rail passenger journey numbers were below 1 ¼ billion and by 1940 below 1 billion. It was almost 100 years later in 2013 before rail passenger traffic breached its 1914 record.<sup>91</sup> With declining numbers and a need to replace rail networks and rolling stocks, the rail companies entered a period of sustained financial decline. For investors who held on to railway stocks during the nineteen twenties and thirties it was a period of inexorable decline and capital and income erosion.

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<sup>89</sup> Michie, *London Stock Exchange*, p. 320.

<sup>90</sup> A 'cash cow' is a stock where the underlying company generates large cash surpluses which are available for distribution to shareholders.

<sup>91</sup> 'Rail passenger and freight travel trends', <http://www.raildeliverygroup.com/about-us/publications.html> Accessed 12 Nov. 2016.

**Table 6.32. Leinster estate quoted securities portfolio at 8 Feb. 1922**

Security Type	Valuation	Percentage
	£	%
War Loan Stock	124,994	34.60%
UK Gov. Bonds	81,528	22.57%
UK Municipal Bonds	29,875	8.27%
Railway Stocks	68,565	18.98%
Overseas Bonds	48,982	13.56%
Corporate Bonds	7,282	2.02%
Total	361,226	100.00%

*Source:* Portfolio valuation at 8 Feb. 1922 (P.R.O.N.I., Leinster estate papers, D3078/1/3).

The sovereign and municipal bond element of the portfolio would for the remainder of the 1920s have suffered a marginal decline both in real and nominal value (minus 5 per cent) as deflation prevailed throughout the decade. The 1930s would have seen a capital appreciation as bonds enjoyed a bull run rising in value by just over 29 per cent in the ten years up to 1939. There was a further increase during the early years of the 1940s before a slow but inexorable decline which has lasted to the present day. For example, a portfolio of sovereign bonds in 1922 would have declined in nominal terms by over 67 per cent by 1974 which to date has marked the low point in bond values. In real terms the decline in value between these two dates would have been 93 per cent.<sup>92</sup>

The mortgage element of the portfolio showed several significant changes between 1905 and 1922, (see Table 6.13 below.) In the first instance the money committed to this area declined by £288,551 or 48 per cent. The only mortgage that remained from the 1905 portfolio was that to Lord Hastings which at £118,000 was the largest loan outstanding. The Hastings mortgage had reduced by £4,500 in the intervening 17 years.

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<sup>92</sup> *Barclays equity gilt study 2016*, pp 77- 8.

**Table 6.33. Leinster Estate mortgage portfolio as at 8 Feb. 1922**

<b>Borrower</b>	<b>Mortgage</b>	<b>Interest Rate</b>	<b>Annual Income</b>
	<b>£</b>	<b>%</b>	<b>£</b>
The Viscount Astor	35,000	5.50%	1,925
Hon.R.A. Gough of Calthorpe	100,000	5.50%	5,500
Reginald Foster	9,000	6.00%	540
Lord Hastings	118,000	5.50%	6,490
Major Margesson	11,000	5.50%	605
Lady E.G. Shelly Rolls	15,200	5.50%	836
Lady E.G. Shelly Rolls	12,000	5.50%	660
Capt. R.A. Vansittart	14,249	4.50%	641
<b>Total</b>	<b>314,449</b>		<b>17,197</b>

*Source:* Investment portfolio 8 Feb. 1922 (P.R.O.N.I., Leinster Estate papers, D3078/1/3/73-Mic 541[SM:23]) Reel 4.

Handwritten notes on the estate papers indicate that two of the mortgages shown above were repaid, Lady Shelly Rolls in March 1923 and Viscount Astor in August 1923, with further reductions in the Vansittart mortgage. The interest rate averaged 5 per cent which was 1 ½ per cent higher than those mortgages in the 1905 portfolio. This reflected the increased interest rates prevailing and was equivalent to the return prevailing on U.K. war loan stock which was guaranteed by the British government and was tradeable on the stock exchange so the question arises as to why the trust would have continued to lend such large sums of money to individuals.

The portfolio as structured in February 1922 generated approximately £31,600 (£25,574 following death duties and a deduction for family charges) in income which was significantly ahead of the £23,650 generated by the 1905 version. While this was positive the fact that the cost of living had more than doubled between 1905 and 1922 mean that the portfolio's purchasing power had deteriorated significantly

in real terms during the intervening period.<sup>93</sup> The advent of a period of sustained deflation would have improved matters in that between 1921 and 1934, prices fell on average by 28 per cent. However, the portfolio suffered its first major capital reduction as a result of the imposition of death duties following the death of Maurice FitzGerald, the 6<sup>th</sup> duke of Leinster in 1922.

A death duty liability of £108,846 (£5.6m in today's value) was levied on the estate.<sup>94</sup> In addition, £20,000 had to be raised from the sale of investments to provide for settlements made by the late duke to various beneficiaries.<sup>95</sup> These charges and deductions resulted in a permanent diminution in the value of the portfolio and its income generating potential. Coupled with the rapacious effect of inflation, the fall in the value of railway stocks and the conversion of war loan stock in 1932 the value of a once great fortune would have significantly diminished as the century progressed.<sup>96</sup>

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<sup>93</sup> The Barclays UK cost of living index rose from 106.7 in 1905 to 221.4 in January 1922, see *Barclays equity gilt study 2016*, p. 73.

<sup>94</sup> Henry J. Nix to Lord Frederick FitzGerald, 23 May 1923 (Charles Hamilton family papers in private possession).

<sup>95</sup> Henry J Nix to Lord Frederick FitzGerald, 14 Apr. 1923. (Charles Hamilton family papers in private possession)

<sup>96</sup> In June 1932, the British government announced that it was going to redeem the 5% war loan stock at par on 1 December 1932. Under the terms of the measure announced by Neville Chamberlain, chancellor of the exchequer on 30 June 1932, holders of the 5% war loan stock would have their holdings redeemed at par value on the 1 December 1932 or if they wished they could convert to a newly issued 3 ½% war loan stock that was to be issued. The background to the move by the chancellor was that in the wake of Britain abandoning the Gold Standard in September 1931 interest rates fell dramatically from around 6 per cent to 2.5 per cent by June 1932. British bank deposit interest rates were ½ per cent (*The Times*, 2 June 1932). Newly issued British treasury bonds were being issued at close to 3 per cent. In such an environment, the 5 per cent interest being paid on the £2 billion overhang of outstanding war loan stock was extremely costly for the British government and it decided to act. Introducing the measure Mr Chamberlain stated: 'The War Loan at 5 per cent was out of relation with the yield of other Government securities and moreover, that the maintenance of the old war time rate attaching to so vast a body of stock and hanging like a cloud over the capital market was a source of depression and hindrance to the expansion of trade.' (*The Times*, 1 July 1932). *The Times* opined 'The scheme which is a financial operation of unparalleled magnitude and will annually save £30 million gross and £23 million net, was received with enthusiasm when announced by Mr Chamberlain and Lord Hailsham in Parliament last evening.' (*The Times*, 1 July 1932) From the government's perspective the scheme was a massive success with holders of £1,921 million worth [out of a total of £2,087 million] of 5% war loan stock converting to the new 3 ½% issue: see Charles Poor Kindleberger, *A financial history of Western Europe*, (London, 1985), p. 388.) For holders of the stock however it meant a 30 per cent reduction in the income previously received.

While questions might be raised regarding the investment strategy adopted by the trustees of the Leinster estate, there can be little doubt that the trust's very existence was to have a profound positive effect in protecting the family assets from the profligacy and financial recklessness of the 7<sup>th</sup> duke, Edward FitzGerald, who assumed the dukedom on the death of his brother Maurice in 1922. Even before he succeeded to the title he had sold his life interest in the estate to the English financier, Sir Henry Mallabry Deeley. The story of Edward is outside the scope of this study other than to say that had the trust not existed and had the 7<sup>th</sup> duke had unrestricted and unfettered access to the family fortune it is likely that it would have been squandered entirely in a dramatic and rapid manner.<sup>97</sup> Acknowledging as much the 7<sup>th</sup> duke said: 'My road to ruin was the gay road – the road of mad parties, reckless friends and lovely women.'<sup>98</sup> A positive impact the life of Edward had for the family's fortune was its longevity. His death in 1976, some fifty-four years after succeeding to the title, meant that the estate was spared from death duties up to that date by which time the twin impacts of poor investment decisions and inflation had most likely reduced its value to relatively low levels.

The story of the Leinster estate illustrates the impact of an inappropriate investment strategy in the face of a changing economic environment. The focus on income and the absence of investments likely to provide any form of long term capital appreciation which would provide a hedge against inflation was an egregious error which over time would lead to the gradual erosion of the family's wealth.

### **6.7 Measuring the impact of inflation**

To illustrate the above contention the study developed a financial model based on the Leinster estate to highlight the corrosive nature of inflation. The model uses as its base the Leinster portfolio as it was after the death of the 6<sup>th</sup> duke in 1922. The author acknowledges that the model is theoretical in nature and that it ignores a range of variables which could have had a bearing on the value of the portfolio. These include movements in capital values such as the values of the various portfolio

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<sup>97</sup> For an account of the life and times of Edward FitzGerald, 7<sup>th</sup> duke of Leinster, see Dooley, *Decline and fall of the dukes of Leinster*, pp 211-30.

<sup>98</sup> *Sunday Despatch*, 10 Feb. 1957.

holdings such as happened following the conversion of 5% war loan stock to 3 ½ % war stock in 1932, the failure of one or more of the mortgage borrowers to repay their loans, a requirement for drawings in excess of the assumed annual amount to fund unexpected expenditures or indeed a decision to reduce annual drawings. Nor does the model take any account of the impact of increased income tax liability on the estates income requirement. This latter point may have been a significant issue as the century progressed as income tax was the major funding source for the nascent welfare state and tax rates became more regressive for high earners, particularly for those with what was known as ‘unearned income’. UK top marginal tax rates started at 5 per cent in 1907, rose to 50 per cent in 1919 and culminated at 97 ½ per cent in 1945, a situation immortalised in the line ‘nineteen for you and one for me’ from The Beatles 1966 hit ‘Taxman’.<sup>99</sup> The situation in Ireland was much like that prevailing in the UK. Consequently, many high earners restructured their income so that they received some of it in the form of capital, thus at least deferring income tax until a more suitable juncture.<sup>100</sup> For instance, the owners of businesses might have deferred dividend pay-outs and retained the funds in the company thus increasing the value of their investments without paying income tax on this increase in their wealth. In the case of the Leinster estate and indeed many others who sold their properties under the Wyndham Act this was not an option as the income on their portfolios was necessary for them to fund day-to-day expenditures and few had the luxury of deferring income and were thus subject to the full rigours of a worsening taxation regime. This lack of financial flexibility was reflected in correspondence between the trustees of the Leinster estate and Sir Henry Mallaby Deeley in the 1920s and 1930s, highlighting that the estate was relatively impoverished and was in constant need of contributions from the financier who held the life interest in the estate following the succession of Edward FitzGerald to the dukedom.<sup>101</sup>

The financial model as presented does, however, highlight how a significant portfolio could be completely eroded over a relatively short period by a combination

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<sup>99</sup> The song Taxman appeared on the Beatles 1966 album Revolver. The song written by the band’s George Harrison, was an attack on the Super Tax imposed on high earners by the Harold Wilson led Labour government in the 1960s.

<sup>100</sup> A.B. Atkinson, ‘Income tax and top earners over the twentieth century’ in *Hacienda Publica Espanola/ Revista de Economia Publica*, Vol. 168-1/2004: p. 132.

<sup>101</sup> Dooley, *Decline and fall of the dukes of Leinster*, pp 196-210.

of the unprotective nature of the fixed income securities contained therein and the corrosive and invidious effects of inflation.

While the specifics of the model used in this instance relate to the Leinster estate's finances they could equally relate to any vendor who invested the sales proceeds in fixed income securities. Evidence from other estates such as the Headfort, Caledon and Mac Geough Bonds indicate that similar investment profiles existed in these cases.<sup>102</sup>

Following the death of Maurice FitzGerald in February 1922 the Leinster estate portfolio was, valued at £675,675. After death duties of £108,846 and disbursements of £20,000 to meet family charges the net estate was £546,829 (£24,115,159 in 2016 values). The portfolio as constituted generated an annual income of £25,574 (£1,127,813 in 2016 values). This is what is shown under Column D in Table 6.14 and is referred to as 'nominal income'. The assumption underpinning the model was that the trustees wanted to maintain this 1922 level of *real* income into perpetuity. To do this, the yearly '*nominal* income' figure needs to be adjusted for the effects of the cumulative inflation / deflation figure shown in Column B, the resultant value is what is termed '*real* income' and is shown in Column E. The difference between the annual *real* income and *nominal* income is what is referred to under Column F as the 'income variance' value. In those years where deflation prevails this income variance is positive and where inflation is dominant the variance will be negative. This income variance is added or subtracted to the value of the portfolio each year to generate the 'revised capital' figure shown under Column G.

Table 6.14 shows a summarised version of Appendix 6.3 in that it reflects ten yearly intervals rather than the annual statistics shown in the appendix. Based on the previously outlined assumptions the key conclusion from Table 6.14 is that the Leinster estate which was valued at £546,829 post the death of the 6<sup>th</sup> duke in 1922 was by 1978 gone. This was not as a consequence of profligacy on behalf of the 7<sup>th</sup> duke but due to the pressures of maintaining an unsustainably high level of real

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<sup>102</sup> Mooney, *The changing fortunes of the Headfort estates*, pp 55-63; Purdue, *Big House in the north*, pp 105-9.

income, the absence of securities capable of providing capital appreciation and above all the impact of inflation. It is perhaps ironic that the model shows the family's investment portfolio finally exhausting itself at the same time as Edward FitzGerald, the 7<sup>th</sup> duke of Leinster was to take his own life in 1976.

**Table 6.34. Impact of inflation/(deflation) on Leinster estate portfolio 1922-1978**

	Column A	Column B	Column C	Column D	Column E	Column F	Column G
Period	Inflation Rate	Cumul. Inflation	Nominal Capital	Nominal Income	Real Income	Income Variance	Revised Capital
	%	%	£	£	£	£	£
1922			546,829				546,829
1922 – 1931	-28.50	-28.50		255,740	294,561	38,821	585,650
1932 – 1941	32.30	3.80		255,740	307,220	51,480	637,130
1942 – 1951	28.30	32.10		255,740	227,353	-28,387	608,743
1952 – 1961	37.80	64.90		255,740	122,065	-133,675	475,068
1962 – 1971	47.50	112.40		255,740	36,008	-219,732	255,336
1972 – 1978	97.90	210.30		133,271	-122,065	-255,336	0
Total				1,411,971	865,142	-546,829	

*Source:* The figures summarised in Table 6.14 come from Appendix 6.3. Fuller details of how the data in this Table were collated are set out in the notes accompanying Appendix 6.3.

While the overarching consequence was the total dissipation of the portfolio over a fifty-six- year period, Table 6.13 also highlights other aspects of the family's fortunes which would also be relevant to other former landlord families who invested in similar portfolios. The data shows that between 1922 and 1940 the impact of deflation meant that the *real* return from the portfolio exceeded the nominal return meaning, that the difference could be either added to the portfolio (as the model assumes) or spent thus providing the beneficiaries with an improved standard of living during this 18-year period. Apart from the two years either side of the outbreak of the Second World War, when inflation spiked at 10.9 per cent (1939) and 12.7 per cent (1946), the impact of inflation was relatively low. It was only from the late 1960s to the late 1970s that inflation significantly gained momentum



sweeping all non-appreciating assets before it.<sup>103</sup> Periods of high inflation are usually accompanied by high interest rates which in turn have a negative impact on the capital values of fixed income securities.

While the model is theoretical and in the absence of corroborating evidence such as portfolio valuations or correspondence relating to the investments could be deemed to be counterfactual, the anecdotal evidence relating to the family's current financial position would suggest that the vast funds generated through the sale of their estates in 1903 (£84 million in today's terms) have largely been dissipated.

This contrasts with that of American millionaire William Rockefeller. Ferdinand Lundberg in his *America's 60 great families* cites an example from the same era that provides a stark contrast to the Leinster experience. Lundberg states that William Rockefeller, brother of John D. Rockefeller left \$50,000,000 in 1922, stipulating that a portion of income be divided among four children and fourteen grandchildren and that the principal itself be reserved for his great-grandchildren. From 1922 to 1937 the children and grandchildren drew income of \$9,514,834 from the estate, which increased in value by \$13,947,361 in the fifteen-year period. Lundberg stated that it was expected that upwards of fifty great-grandchildren were likely to inherit an estate valued at between \$75,000,000 and \$100,000,000 after the payment of income to children and grandchildren.<sup>104</sup> The value of the estate ultimately turned out to be \$102,000,000 before taxes when finally liquidated.<sup>105</sup> The difference between the two estates was that the Rockefeller portfolio consisted principally of direct equities and in particular holdings in various US oil companies and in the Amalgamated Copper Mining Company which he had founded in the late 1890's. Despite the 1929 stock-market Crash these companies continued to prosper and provide investment returns significantly more than inflation and continue to do so to this day.

One of the rules of investment is that performance should not be judged with the perspective of hindsight which of course always affords 20:20 vision. For example, it would be hard to find any adult in Ireland today who 'did not see the 2007

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<sup>103</sup> *Barclays equity gilt study 2016*, p.52.

<sup>104</sup> Ferdinand Lundberg, *America's 60 families* (New York, 1938), p. 49.

<sup>105</sup> *New York Times*, 5 Aug. 1937.

property cash coming'; yet few at the time saw it and even fewer did anything about it. Similarly, judging the decisions of those charged with deciding how best to invest the proceeds from the sale of their estates can be both unfair and cruel in its judgements at a 100 year remove. While the concept of inflation was understood at the time, investors who had not seen its malign influence for over 40 years could well be forgiven for paying little heed to it in formulating their investment plans. In terms of concluding this section on the impact of inflation on the investment portfolios of those landlords who sold their estates under the Wyndham Land Act it is perhaps appropriate to quote a remark attributed to Vladimir Lenin: 'The way to crush the bourgeoisie is to grind them between the millstones of taxation and inflation.'<sup>106</sup> The evidence examined by this study would contend strongly that this is a 'truism'.

## **6.8: Conclusion**

This chapter has described what were in many respects the obsequies of the final days of the landed gentry who once dominated every aspect of Irish life. The succeeding generations occupied not a world defined by privilege and entitlement but one requiring skill, talent and industry.

By the last quarter of the twentieth century the perfect storm that had erupted in the early decades of the nineteenth century and which brought wave after wave of political, social, technological and above all economic change had finally abated and the landscape had changed utterly. In the end, it was not fire or bullet that did for the Irish landed class but rather the cold draught of economic reality. Afforded a second chance of economic survival by George Wyndham, many failed to capitalise on the opportunity to start again and build new empires in a dramatically changing world. Few displayed any real initiative in developing opportunities by using their cash to invest in business or other commercial opportunities. Like the 'worthless and lazy servant' in the parable of the Talents many took the easy option and effectively buried the money that was given to them leading to a metaphorical (or in some cases

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<sup>106</sup> There has been considerable debate among academics as to whether Lenin did make the above statement with many arguing that it was derived from a number of articles by John Maynard Keynes or even in Henry George, *Progress and poverty*, in 1879.

an actual) life of ‘wailing and grinding of teeth’ if not for them then for their descendants.<sup>107</sup>

While landlords could be forgiven for seeing themselves as an isolated and cursed group who faced challenges from every quarter the reality is that those who perished economically, whether it be from leading lifestyles they could not afford, bad investments or poor or no strategic decision- making had only themselves to blame. The Wyndham Act afforded them a second, and as it turned out for many, a final chance to start again.

Some like the 4<sup>th</sup> Marquess of Headfort did seek to develop new income streams through investing part of the proceeds from the sale of their estates in forestry and arbori-cultural activities and even the granting of licences for fishing beats that ran through their demesnes.<sup>108</sup> Or Sir John Keane of Cappoquin House, Co. Waterford who also invested in forestry of his remaining acres but who built a saw mill to process the raw timber while at the same time developing a tree-nursery business.<sup>109</sup> These were the exceptions however.

As in the past, many spurned the opportunity given to them. Just like when they failed to recognise the dangers associated with sub-division of their estates or the opportunities provided by technological developments resulting in the opening of new supply markets in the New World. Irish landlords in the nineteenth century might well have followed the example of William Scully and improved their economic situation by joining many of their tenants on ships to the Americas or the Antipodes and brought their skills, experience and resources to bear on establishing economically viable farms there.

Similarly, it might seem surprising that landlords did not invest more in urban investment properties, commercial or residential. It was not as if the virtues of such

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<sup>107</sup> *The Revised English Bible, St Matthew's Gospel 25:1-46* (Oxford, 1989).

<sup>108</sup> Mooney, *The Headfort Estates*, p. 67

<sup>109</sup> Symes, Glascott, *Sir John Keane and Cappoquin House in the time of war and revolution* (Dublin, 2016), p. 27.

investments were unknown. In 1907, Gustavus Myers wrote regarding investment in US city property that

... fortunes based upon land in the cities were induced (sic) with a mathematical certainty and a perpetuity. City real estate was not subject to the extreme fluctuating processes which so disordered the value of rural land. All of the tendencies and currents of the times favoured the building up of an aristocracy based upon ownership of city property.<sup>110</sup>

What held for the great U.S. cities held for many British and Irish cities also. Proof that some British aristocratic families did see the opportunity in city real estate is evidential. Many of the wealthiest landed families in Britain today owe their status and fortune to city property particularly in London. Families like the Grosvenors who own 300 acres in Mayfair and Belgravia, the Cadogans owning fifty acres in Chelsea, the Howard de Waldens possess 92 acres in Marylebone and the Portmans own 110 acres around the Oxford Street and Marble Arch districts. While these are the wealthiest of the wealthy there are many other individual families who own smaller less salubrious properties worth fortunes throughout the length and breadth of Britain. There are few equivalents in Ireland, bearing testimony to the missed opportunities presented in the opening decades of the twentieth century. One can only imagine what amount of property £617,000 (Leinster) could have purchased in Dublin in 1903 or what Clonbrock could have bought with his £213,242 in 1914. It was such a natural fit with their previous circumstance, their investment objectives and their skills and mindset that it is difficult to understand why they did not capitalise on the opportunity.

If the portfolios examined in this chapter are representative of the wider population of estates, it is evident that selling landlords paid little or no heed to the expressed wish of the Irish Land Conference's request that 'for the benefit of the whole community, it is of the greatest importance that income derived from sale of property in Ireland should continue to be expended in Ireland.'<sup>111</sup> While patriotism was manifest in the widespread inclusion of War Loan Stock in portfolios it clearly did not extend to investment in Ireland.

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<sup>110</sup> Myers, *History of the great American fortunes*, p. 87.

<sup>111</sup> *Report of the Land Conference held at the Mansion House*, Dublin, 1902-1903, p. 5.

Who then were the ultimate economic beneficiaries of the Wyndham Land Act? In the early years, landlords benefitted from higher than expected income returns from their investments enabling them to enjoy a higher standard of living than their previous rents afforded. However, in the long term, landlords suffered from their focus on income generating stocks and their lack of initiative and many succumbed to financial oblivion.

Purchasers also derived financial benefits from the fact that the annuities paid to the Land Commission were lower than the rents previously paid. They benefitted also from the big rise in farm produce prices brought about by the First World War and they gained significantly from a halving of the annuities following the passing of the 1933 Land Act.<sup>112</sup> All this was, however, against a background that as the twentieth century progressed, Irish agriculture deteriorated and the ownership of land in many cases condemned people to a life of continuing drudgery and economic misery a situation that existed up Ireland's entry to the European Economic Community in 1973.<sup>113</sup>

In those early years following the passing of the 1903 Act, Irish ratepayers were the only real losers as funding costs rose and the government, under the act's guarantee provisions, deducted these overruns from the contributions to local authorities. Following the enactment of the 1909 Act these shortfalls were met by the British treasury. The British government enjoyed some short-term benefit while annuities were repaid, and they secured higher tax revenues from the investment income of landlords and death duties from dead landlords. Ultimately, it was the Irish government in the post Anglo-Irish economic war scenario that was the biggest winner. In return for a once off settlement of £10 million paid to the British government, an amount this author estimates at almost £115 million of debt was

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<sup>112</sup> Irish Land Act, 1933 no. 38 of 1933. Section 12 of this act reduced the annuity for those who purchased their holdings prior to 1923 by 50 per cent.

<sup>113</sup> Ireland joined the then European Economic Community (E.E.C.) on 1 Jan. 1973. Irish agriculture was a major beneficiary of the Common Agricultural Policy (C.A.P.). The C.A.P. benefitted farmers by paying them subsidies on farm outputs with the intention of maintaining minimum levels of output. As a predominantly agricultural country in the 1870s Irish farmers benefitted significantly from E.E.C. membership.

written off.<sup>114</sup> In addition to the debt write-off the Irish government continued for many years to receive annuity payments of £1.5 million from Irish farmers.

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<sup>114</sup> Advances of £125.5 million were made in respect of land purchases between 1870 and 1923 (*Report of the Irish Land Commission for year ended 31 March 1935*). To this amount should be added approximately £10 million in bonus payments under the 1903 and 1909 Acts making total advances of £135.5 million. Assuming a ½ per cent sinking fund repayment of principal per annum would infer that a maximum of £10 million of principal was repaid in this way leaving a debt due of £125.5 million, in 1932 when DeValera, Taoiseach, withheld the annuities.

## Conclusion

Here, traveller, scholar, poet, take your stand  
When all those rooms and passages are gone,  
When nettles wave upon a shapeless mound,  
And saplings root among the broken stone,  
And dedicate – eyes bent upon the ground,  
Back turned upon the brightness of the sun  
And all the sensuality of the shade –  
A moment's memory to that laurelled head.

William Butler Yeats  
Coole Park, 1929<sup>1</sup>

In a contribution to a 2013 collection of essays relating to the Irish land question, Barbara Solow said of her 1971 book *The land question and the Irish economy, 1870-1903* that 'my work aimed to turn orthodoxy on its head.'<sup>2</sup> How much of her aim was achieved might be debated but she did introduce a different perspective to the study of Irish landlordism and in so doing encouraged others such as William Vaughan to test some of her claims in specific and local contexts and in that way provided a broader and more balanced view of Irish landlords and their estate management practices in the nineteenth century than had heretofore been the case. In this context, the real merit of her work was that she broke a stereotypical image of landlords, opened up new avenues of research and encouraged historians to look at the subject through different lenses. Since then, however, few historians have travelled down the path of looking at the Irish landlord class from the economic perspective opened by Solow.

This study did not have as its aim anything as ambitious as turning orthodoxy on its head. It did, however, seek to redress the lack of attention shown by historians to this aspect of Irish historiography, by bringing an economic focus to the study of Irish landlordism in the nineteenth and early twentieth centuries, specifically by focusing on how the estate and personal financial management practices of landlords, as well

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<sup>1</sup> Daniel Albright (ed.), *W.B. Yeats, the poems* (London, 1990), p. 293.

<sup>2</sup> Barbara L. Solow, 'The Irish land question in a wider context' in Fergus Campbell and Tony Varley (eds), *Land questions in modern Ireland* (Manchester, 2016), p. 77.

as external economic and political influences, undermined their positions in the nineteenth century; by examining the motivations of George Wyndham in bringing forward the 1903 Act, and analysing its financial provisions and how these were engineered to facilitate the largest transfer of land in Ireland since those resulting from the conquests of the seventeenth century. Furthermore, this is a pioneering study in understanding the workings of a sale of a landed estate, highlighting the complex and drawn-out nature of the negotiations and the legal processes involved. It examined the investment environment faced by landlords in the opening decades of the twentieth century as they transitioned from landlords to rentiers, and, most significantly, it examined how landlords managed the money received from the sale of their estates. In so doing, the author, with the benefit of forty years' experience working in finance and stockbroking, engaged with a wide range of previously untapped sources such as tax returns, death duty declarations, portfolio valuations and investment papers. This work has hopefully opened new avenues for investigation for others who might see this area as a rich vein worthy of exploration and in this way a more comprehensive and nuanced picture of Irish rural life and society can emerge.

As stated in the introduction of this work, the author was encouraged to pursue this study in order to seek answers to a series of questions beginning with: why was it necessary to have the Wyndham Land Act? The search for an answer to this question involved looking at a wide range of landlord practices and experiences with regard to how they managed their estates and how the wider economic and political influences impacted on their lives. The first observation that needs to be made is that the evidence makes it clear that it would be wrong to treat landlords as a homogeneous group in terms of how they managed their estates or their personal finances. They were not all 'the same lavishly expensive, devil may-care class' observed by Michael Davitt, nor were they all 'made of good stuff' as observed by one contemporary source in 1903.<sup>3</sup> Nor were they all heavily indebted as suggested by Wyndham when introducing his 1903 Land Bill.<sup>4</sup> Of the five sample estates examined in this study

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<sup>3</sup> Michael Davitt, *The fall of feudalism in Ireland or the story of the Land League Revolution* (London, 1904), p. 33; The Irish Landowners Convention, *The case of Irish landlords* (Dublin, 1903), p. 5.

<sup>4</sup> *Hansard* 4, cxx, 205 (25 Mar. 1903).



only one, the Bellew estate, had any external debt and that was at a relatively low level. Exercising caveats for this lack of what Ó Gráda called ‘homogeneity’, the study has drawn conclusions regarding landlords’ role in their own decline.<sup>5</sup> This thesis would argue that landlords played a major part in their own downfall and allowed themselves become ‘peripheral players’ in Irish land affairs long before the introduction of the Wyndham Act in 1903.<sup>6</sup> The decision made by many in the late eighteenth century to grant long leases to middlemen had serious negative consequences in that it meant they did not share in the strong economic growth and the subsequent dramatic increase in rents that occurred from the 1780s up to 1815, and worse still they had to deal with the legacy of sub-division as a consequence of serious over-letting by these intermediate landlords. Their insistence on maintaining lifestyles equivalent to some of their wealthier English counterparts in terms of house building, family settlements, and oftentimes lavish and extravagant entertainments had two impacts. Firstly, it led to many of them becoming heavily indebted and secondly distracted them from the serious and complicated business of running a landed estate in the nineteenth century. While often criticised for their failure to invest adequately in improving their estates, this thesis contends that given the external forces that were to emerge, particularly in the final three decades of the nineteenth century, and the poor economic returns obtainable from agriculture, this was, in fact, a wise decision, albeit one that was due mainly to either having little to invest or choosing to invest elsewhere such as in maintaining expensive lifestyles.

While being critical of their estate management practices, lifestyles and personal inertia it should also be acknowledged that the external economic and political forces they faced were of an extremely high order of magnitude. The decline of Irish landlordism needs to be seen in a wider international context which saw the decline of most of Europe’s former landed elites such as the British aristocracy, the Prussian *Junkers*, the Russian *Pomeshchiks*, the Polish *Sziachtas* and the French landed nobles. The decline of these elites was brought about by a dramatically changing environment driven by political and social imperatives but more than anything else economic forces. These forces, unleashed by a rapidly industrialising world brought

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<sup>5</sup> Ó Gráda, *Ireland a new economic history*, p. 123.

<sup>6</sup> Vaughan, *Landlords and tenants*, p. 240.

profound change to political power bases, philosophies and attitudes, all to the disadvantage of the landed classes. Even more directly they turned the market for agricultural products from local to global, a development which from the 1870s onwards fundamentally altered the foundations underpinning landownership, not just in Ireland, but across the world. Power had passed and there would be no renaissance for the former landed elites.

The politicisation of 'the land question', particularly from the 1870s onwards, when it became a key driver in the policy of constructive unionism adopted by successive British governments, had a profound effect on the economic well-being of landlords. The land reforms introduced as a result of this policy, commencing with the Landlord and Tenant Act, 1870, seriously undermined the rights of landowners, and this had several negative consequences: the judicial rent review process introduced in the Land Law (Ireland) Act, 1881 gave rise to significant reductions in their rental incomes which effectively made land unsaleable; it further deterred lenders from advancing loans to landlords and in many cases influenced lenders to call them in. For heavily indebted landlords, this left them with little room to manoeuvre. Coupled with these developments, the pressures associated with recurring agrarian agitation had a devastating impact on the financial and mental well-being of landlords, a circumstance that contributed in no small measure to their willingness to avail of the generous terms of the 1903 Land Act.

The second aim of this study concerned itself with George Wyndham's motivations in introducing his 1903 Land Act, its financial provisions, and its operation. Historians such as Fergus Campbell and Patrick Cosgrove have seen Wyndham's motivation in introducing the act in terms of him wanting to head off the U.I.L.-led agitation or the compulsory purchase campaign waged in Ulster by Thomas Russell. Others such as F.S.L. Lyons, Paul Bew and Philip Bull have seen it as part of the policy of constructive unionism adopted by successive British governments since 1870. There is a validity to both schools of thought but there is also a third possibility which this study sees as having equal, if not more prominence, and that was that Wyndham's motivations were greatly influenced by his own political ambitions. Wyndham came from a class where there was a presumptive claim that its

members were born to govern.<sup>7</sup> By birth, upbringing, education, marriage and connection with social networks Wyndham was an integral part of that class. As someone who was described as ‘the most gifted young man of his generation’ and who at a very young age was part of influential intellectual, artistic and political circles, it would not be difficult to see him having great expectations in terms of his career.<sup>8</sup> His deep relationship with his political sponsor and personal mentor, Arthur Balfour, gave him the means of fulfilling these ambitions and his appointment as chief secretary to Ireland gave him the opportunity. Wyndham knew that solving the Irish land question would be extremely helpful in furthering his political career. He also knew that in doing so he would be winning the favour of his prime minister and friend, Arthur Balfour, who as the following extract from his letter to king Edward VII illustrates, saw this resolution as vital; ‘This [1903 Land Act] is a very far reaching measure ...that will settle for all time the Irish land difficulty.’<sup>9</sup> Without the support of Balfour and Charles Ritchie, the chancellor of the exchequer, the bill would never have even reached the floor of the House. Wyndham’s cousin, Wilfred Scawen Blunt, bore witness to this contention when he recorded in his diary: ‘Even within forty-eight hours of his bringing it [1903 Land Bill] forward in the House, all seemed lost, and it was only the splendid support given by Arthur Balfour that had carried the day, as I understood him, by a single vote against Chamberlain’s opposition.’<sup>10</sup> This study contends that while the legislation will forever bear Wyndham’s name, Balfour’s fingerprints were indelibly etched into it.

Wyndham was aware of the importance of Ireland to the Empire and the high stakes he was playing for, as the following letter to his mother written the night before the 1903 Bill was introduced; ‘The future of Ireland, and my future, for what it is worth, turns on what happens tomorrow.’<sup>11</sup> This study contends that for a man with big political ambitions, the challenge and the opportunity of resolving the intractable

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<sup>7</sup> Ellenberger, *Constructing George Wyndham*, p. 490.

<sup>8</sup> Ridley and Percy, *The letters of Arthur Balfour*, p. 12.

<sup>9</sup> Cited in C.B. Shannon, *Arthur J. Balfour and Ireland, 1874-1922* (Washington, 1988), p. 123.

<sup>10</sup> W.S. Blunt, *My diaries* (2 vols. London, 1920), ii, pp 46-7.

<sup>11</sup> J.W. Mackail and Guy Wyndham, *Life and letters of George Wyndham* (2 vols. London, undated but c.1920), i, p. 82.

Irish land problem, with its implications for the broader Irish question, would have been too much to resist.

Historians (Dooley and Cosgrove) have contended that the Wyndham Act and its subsequent amending legislation failed to achieve the objective of settling the Irish land question. They are correct in this contention but it needs to be seen against the background of the enormous disruption to normal political and social life brought about by the First World War and the War of Independence. Similarly, criticisms of the act's failure to address the landless and evicted tenants is based on a rather literal interpretation of 'solving the Irish land question' and largely ignores the reality of political discourse. This study argues that a fair criticism of the 1903 Act, and its amending legislation, is that they missed an opportunity to fundamentally address the real problem of Irish agriculture which was the issue of the prevalence of small uneconomic holdings. Dealing comprehensively with the landless and evicted tenants' demands by breaking up the large grazing farms would have exacerbated this problem even more, as became obvious after independence.<sup>12</sup> Furthermore, this study would argue that Wyndham addressed the wrong problem, in choosing to deal with land reform rather than agricultural reform.

Historians have underestimated the significance of the 1902 Irish Land Bill and the impact its failings and shortcomings had on the successful 1903 Land Bill. The criticism levelled by Redmond that the 1902 Bill had been introduced 'without consultation' can be argued as one of the reasons why Wyndham grasped at the Shawe Taylor proposal for a Land Conference shortly afterwards.<sup>13</sup> The widespread support for the 1903 Bill was due in no short measure to Wyndham's taking on board the criticisms and shortcomings of his earlier bill.

The Wyndham Act was structured to meet the demands of various parties: landlords, tenants, the Treasury and simultaneously both public and political opinion. It was designed to address a conundrum that would encourage landlords to sell, tenants to

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<sup>12</sup> Terence Dooley and Tony McCarthy, 'The 1923 Land Act: Some new perspectives' in Mel Farrell, Jason Knirck and Ciara Meehan (eds), *The formative decade, Ireland in the 1920s* (Dublin, 2015), p. 143.

<sup>13</sup> *Hansard 4*, cv, 1058 (25 Mar. 1902).

buy, and the British taxpayer to finance the project. The 1903 legislation was, therefore, grounded in the doctrine of *realpolitik* which meant that its provisions should be viewed as a package of measures rather than a standalone piece of legislation. Much of the criticism that has been levelled at the act does not take this into account. The act became a victim of its own success. The willingness to engage with the act by both landlords and tenants in a situation where finance was limited to £5 million per annum for the first three years inevitably led to significant delays and backlogs in completing transactions. However, as a consequence of the strong take-up, the Treasury subsequently made significantly greater funds available thus justifying this approach. Similarly, criticisms of the evicted tenants' provisions, while rhetorically convincing, ignored the practical reality that reinstating these former tenants or their descendants would in many cases have meant removing incumbent tenants which was not a realistic option. A failure, however, to include provisions addressing the emotive issue of evicted tenants in the act would have invariably resulted in stout opposition from the I.P.P. and the failure of the bill to pass. While the number of evicted tenants that were reinstated was relatively small the evidence examined by this study indicates that the Land Commission took their representation seriously.

Historiography has given Wyndham little credit for what this study sees as a major achievement and that was in creating a market in Irish land at a time when none existed. By providing finance to those wishing to purchase, a framework in which to conclude transactions and incentives to both buyers and sellers, the legislation broke the logjam in the market for land that had prevailed since the 1890s. In so far as was practical, given the enormous political upheavals of the second decade of the twentieth century, the 1903 Land Act was largely successful in achieving its objective of resolving the Irish land question in that, apart from completing the transfer of 9.2 million acres of land, involving 256,735 individual holdings and at a cost of £82.2 million, it also reduced the scale of the problem to such an extent that subsequent Free State governments felt enabled to deal with what problems remained rather than being overwhelmed by the scale of the task they faced.<sup>14</sup>

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<sup>14</sup> *Report of the Irish Land Commission for the year from 1 Apr. 1934 to 31 Mar. 1935* (Dublin, 1936), p. 10.

The thesis's third and final aim was to examine how landlords went about managing their wealth in the period after the sale of their estates. Given that this represented new ground there was little expectation of what the findings might be. From the estate records examined, it is evident that there were clear and common trends in terms of the way investment portfolios were constructed so as to ensure sufficient income was generated and capital was protected. Portfolios were made up primarily of fixed income government, municipal and railway company bonds with a smattering of resource company debenture stocks. There was little evidence of investment properties, ordinary shares or private company investments, with the consequence that portfolios were unprotected in periods of inflation. While not an issue in the initial decades following the sale of the estates, this was a fundamental investment flaw that would result in the long-term erosion of the value of the portfolios. While former landed families had to live with the consequences of this error this study would attribute blame more to the financial advisors than to their clients.

The exception to the above trends was the case of the Leinster estate, particularly in the period from 1903 to 1922. During that period, the portfolio consisted almost entirely of personal mortgages advanced to a relatively small number of private individuals. This approach is difficult to understand given the level of return obtained, which was only marginally ahead of that available from highly liquid sovereign debt. The fact that institutions such as Scottish Widows were calling in loans from landed elites such as the duke of Devonshire makes this investment strategy even more puzzling.<sup>15</sup> By the time of the death of Maurice FitzGerald, the 6<sup>th</sup> duke of Leinster in 1922, the portfolio was somewhat rebalanced in favour of quoted investments but still retained a high exposure to personal mortgages. The reason for adopting this structure remains a mystery to this author.

Some vendors freed from the pressures of presiding over a struggling estate took to the casinos of Monte Carlo or the other great hedonistic centres of the world and lived up to the reckless and feckless image of many of their class. The Countess of

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<sup>15</sup> Cannadine, *The landlord as a millionaire*, p. 87.

Fingall recounted an episode involving an unnamed ‘hitherto impoverished Irish peer’ who encountered George Wyndham in a casino in Monte Carlo. According to the countess, while Wyndham was walking through the casino he came across the former Irish landlord at the centre of a group of gamers, the lord shouted out to Wyndham while pointing to a pile of notes and chips ‘George, George! The Bonus!’.<sup>16</sup> Bence-Jones tells of similar stories of profligacy such as that of Sir Henry Moore who having received £19,000 by way of Bonus from the sale of his Mayo estate, managed to squander it in a matter of months living the high life in Canada and ended up living out his days in the English seaside town of Worthing.<sup>17</sup> Most, however, entered the uncertain world of financial and investment management. To landlords like Clonbrock or the trustees of the Leinster estate, these were familiar albeit unsettling places. To others, who had never previously needed to venture into such territory, it must have been a very daunting place indeed. The evidence uncovered by this study would suggest that most relied on their solicitors or land agents to act as their guides as they sought to understand the world of stockbroking, mortgage lending and wealth management.

While the new *rentiers* enjoyed the benefit of regular income, a situation which improved during the deflationary 1920s, the capital value of their portfolios was being seriously and irreversibly undermined by the secular bear market in government bonds, the decline in railway stocks, the stock market collapse of 1929, and, as the 1930s dawned, the most malign influence of all, inflation. As had been the case in their landlord days, many showed the same inertia in the face of the changing investment environment. The failure to put in place properly diversified portfolios which included not just income generating securities but capital growth stocks, and more importantly, investment property, was a serious error of judgement not just by the former landlords but by their advisors. Investment alternatives did exist at the time but the evidence suggests that few availed of these and instead choose to follow blindly the conventional wisdom, with disastrous consequences for their long-term wealth.

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<sup>16</sup> Pamela Hinkson, *Seventy years young, Memories of Elizabeth, Countess of Fingall* (Dublin, 2009), p. 282.

<sup>17</sup> Mark Bence-Jones, *Twilight of the ascendancy* (London, 1987), p. 130.

The end date of this study, 1933, meant that it did not trace the fortunes of those landlords who sold their estates under Wyndham to their conclusion. This opens a whole area for future study and investigation. Questions such as whether they adopted their portfolios to changing investment environments that prevailed after 1933, how were the portfolios affected by taxation policies, death duties, family charges and the exigencies of financial markets, did the portfolios support future generations of the families and if not did they develop new sources of income, will hopefully be addressed in the future. Similarly, more micro studies into individual estate families will ensure that the picture painted of Irish landed families in the post-Wyndham era will fill a broader canvas.

\* \* \* \* \*

In November 1997, the then newly appointed Secretary of State for International Development in the Tony Blair Labour government, Clare Short, wrote to Kumbirai Kangai, the Zimbabwean Minister for Agriculture stating:

I should make it clear that we do not accept that Britain has a special responsibility to meet the costs of land purchase in Zimbabwe. We are a new government from diverse backgrounds without links to former colonial interests. My own origins are Irish and, as you know, we were colonised, not colonisers.<sup>18</sup>

This quote highlights the change that had taken place in British government thinking with regard to land reform in the ninety-four years since George Wyndham introduced his 1903 Irish Land Bill to Parliament and in so doing provided Irish landlords with a dignified exit from their predicament and a lifeline to a decent financial future. Their white Zimbabwean equivalents were not so fortunate. Many were subjected to wholesale land expropriations and for some even worse fates as Robert Mugabe's Zanu-PF government made good on their promise of land reform. In these circumstances the Irish landed classes can consider themselves fortunate in that all they lost was their acres.

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<sup>18</sup> Letter dated 5 Nov. 1997 from Clare Short to Kumbirai Kangai, <http://www.theguardian.com/politics/2013/aug/11/freedomofinformation.zimbabwe>. – Accessed 30 Dec. 2016.



\* \* \* \* \*

It is doubtful if Irish landlords would have considered themselves fortunate or if they appreciated the generous terms afforded to them by the Wyndham Act. It is hard not to see them as anything other than a retreating and defeated caste. The sustained economic pressure particularly since the late 1870s, the constant threat and indeed impact of agrarian agitation from an increasingly-confident tenantry and a sense of desertion by the system to which they had pledged their allegiance all contributed to their sense of isolation and foreboding about the future. Caught in a vice of financial, psychological and political pressures, it is little wonder that they retreated either into their own worlds or left Ireland's shores for what they would have seen as greener pastures. This sense of isolation and hopelessness can be seen in a statement made by Lord Lansdowne when commenting on the Riverstown ranch wars in County Sligo in 1908:

it is not only the local importance of these events, it is the profound discouragement of those who remain loyal to our cause in Ireland, who see themselves deserted, and who, after all, being ordinary human beings, if they are deserted long enough will begin to feel they are playing a losing game which is scarcely worthwhile to go on playing.<sup>19</sup>

A similar sense of bitterness and abandonment can be seen in a piece of verse written by Hilda Blennerhasset, a niece of the Knight of Glin:

He was an Irish landlord  
Loyal to King and true  
Fought in England's battles,  
Fought in vain right through.

Now he is robbed and plundered  
Turned out of house and land  
All by the British parliament  
Urged on by the rebel band.

The man who shot the landlord,  
The man with the blackened face,

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<sup>19</sup> *The Times* (London), 21 Nov. 1908, quoted in Patrick Cosgrove *The Ranch War in Riverstown, Co. Sligo* (Dublin, 2012), p. 37.

The man who houghed the cattle  
Is the man to take his place.<sup>20</sup>

Mark Bence-Jones who, as an insider, has chronicled the demise of the Irish landlord class has argued that:

For most landowning families, the Wyndham Act was in the long term a disaster, though it provided a short-term solution to their financial problems. All too many of them were left with a demesne which was not a self-supporting unit; the money from the tenanted land was all too frequently lost through badly invested or spent as income when it should have been treated as capital.<sup>21</sup>

The decline of Irish landlordism was as a consequence of economic circumstance. The manner of the demise was, however, due to political and social factors. Unlike their equivalents in the north of Ireland who continued up until the early 1970s to play a prominent part in social and political life, southern landlords ceased to have any part to play in independent Ireland.<sup>22</sup> Their lack of professional skills, enterprise and their cultural orientation meant that, had they even wanted to, they were not welcome in the power circles dominated by the newly-emerging ruling Catholic middle class of the 1920s and 1930s.

Few could have predicted the dramatic events that were to unfold or how the fortunes God's Elect were to change, from that summer's day in June 1815 when filled with pride they read of their hero's victory at Waterloo, to the depressed days of the 1930s when they were without power, influence or status and, in many instances, wealth.

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<sup>20</sup> Mc Ginley, *The La Touche family in Ireland*, p. 242.

<sup>21</sup> Bence-Jones, *Twilight of the ascendancy*, p. 132.

<sup>22</sup> Purdue, *The big house in the north*, p. 237.

## **Appendices**

**Appendix 1.1 Projected impact of judicial rent reductions on selected estates  
1880-1910**

<b>Estate</b>	<b>Description</b>	<b>1851-80 Average</b>	<b>First- term Rent Reduction 20.70%</b>	<b>Second - term rent reduction 19.30%</b>	<b>Third- term rent reduction 9.20%</b>
		%	%	%	%
Ashtown	Rents	100.0	79.3	64.0	58.1
	Taxes	-10.0	-10.0	-10.0	-10.0
	Management	-5.0	-5.0	-5.0	-5.0
	Improvements	-13.0	-13.0	-13.0	-13.0
	Interest				
	House costs				
	Total costs	-28.0	-28.0	-28.0	-28.0
	Profit	72.0	51.3	36.0	30.1
Clonbrock	Rents	100.0	79.3	64.0	58.1
	Taxes	-16.0	-16.0	-16.0	-16.0
	Management	-5.0	-5.0	-5.0	-5.0
	Improvements	-11.0	-11.0	-11.0	-11.0
	Interest	-2.0	-2.0	-2.0	-2.0
	House costs	-16.0	-16.0	-16.0	-16.0
	Total costs	-50.0	-50.0	-50.0	-50.0
	Profit	50.0	29.3	14.0	8.1

**Appendix 1.1 continued**

<b>Estate</b>	<b>Description</b>	<b>1851-80 Average</b>	<b>First- term Rent Reduction 20.70%</b>	<b>Second - term rent reduction 19.30%</b>	<b>Third- term rent reduction 9.20%</b>
		%	%	%	%
Crofton	Rents	100.0	79.3	64.0	58.1
	Taxes	-14.0	-14.0	-14.0	-14.0
	Management				
	Improvements	-14.0	-14.0	-14.0	-14.0
	Interest	-39.0	-39.0	-39.0	-39.0
	House costs	-17.0	-17.0	-17.0	-17.0
	Total costs	-84.0	-84.0	-84.0	-84.0
	Profit	16.0	-4.7	-20.0	-25.9
Erne	Rents	100.0	79.3	64.0	58.1
	Taxes	-10.0	-10.0	-10.0	-10.0
	Management	-7.0	-7.0	-7.0	-7.0
	Improvements	-8.0	-8.0	-8.0	-8.0
	Interest				
	House costs	-21.0	-21.0	-21.0	-21.0
	Total costs	-46.0	-46.0	-46.0	-46.0
	Profit	54.0	33.3	18.0	12.1
Hall	Rents	100.0	79.3	64.0	58.1
	Taxes	-13.0	-13.0	-13.0	-13.0
	Management	-5.0	-5.0	-5.0	-5.0
	Improvements	-9.0	-9.0	-9.0	-9.0
	Interest	-10.0	-10.0	-10.0	-10.0
	House costs				
	Total costs	-37.0	-37.0	-37.0	-37.0
	Profit	63.0	42.3	27.0	21.1

**Appendix 1.1 continued**

<b>Estate</b>	<b>Description</b>	<b>1851-80 Average</b>	<b>First- term Rent Reduction 20.70%</b>	<b>Second - term rent reduction 19.30%</b>	<b>Third- term rent reduction 9.20%</b>
		%	%	%	%
Hodson	Rents	100.0	79.3	64.0	58.1
	Taxes	-7.0	-7.0	-7.0	-7.0
	Management	-6.0	-6.0	-6.0	-6.0
	Improvements	-7.0	-7.0	-7.0	-7.0
	Interest				
	House costs				
	Total costs	-20.0	-20.0	-20.0	-20.0
	Profit	80.0	59.3	44.0	38.1
Inchiquin	Rents	100.0	79.3	64.0	58.1
	Taxes	-15.0	-15.0	-15.0	-15.0
	Management	-4.0	-4.0	-4.0	-4.0
	Improvements	-6.0	-6.0	-6.0	-6.0
	Interest	-26.0	-26.0	-26.0	-26.0
	House costs				
	Total costs	-51.0	-51.0	-51.0	-51.0
	Profit	49.0	28.3	13.0	7.1
Murray Stewart	Rents	100.0	79.3	64.0	58.1
	Taxes	-13.0	-13.0	-13.0	-13.0
	Management	-14.0	-14.0	-14.0	-14.0
	Improvements	-27.0	-27.0	-27.0	-27.0
	Interest	-7.0	-7.0	-7.0	-7.0
	House costs				
	Total costs	-61.0	-61.0	-61.0	-61.0
	Profit	39.0	18.3	3.0	-2.9

### Appendix 1.1 continued

<b>Estate</b>	<b>Description</b>	<b>1851-80 Average</b>	<b>First- term Rent Reduction 20.70%</b>	<b>Second - term rent reduction 19.30%</b>	<b>Third- term rent reduction 9.20%</b>
		%	%	%	%
Ranfurly	Rents	100.0	79.3	64.0	58.1
	Taxes	-11.0	-11.0	-11.0	-11.0
	Management	-5.0	-5.0	-5.0	-5.0
	Improvements	-6.0	-6.0	-6.0	-6.0
	Interest				
	House costs	-14.0	-14.0	-14.0	-14.0
	Total costs	-36.0	-36.0	-36.0	-36.0
	Profit	64.0	43.3	28.0	22.1

The above appendix has been prepared by the author using core data extrapolated from a study undertaken by W.E. Vaughan of nine estates for the period 1851 to 1880. (W.E. Vaughan, *Landlords and tenants in mid-Victorian Ireland* (Oxford, 1994), pp 277-8.). Using Vaughan's average expenditure data for the period 1851 to 1880, the author has assumed the percentage levels across the various cost headings remained fixed in absolute terms. Taking rent for the same period as a base index of 100 and adjusting these by the judicial rent reductions estimated by Bailey (William Frederick Bailey, *The Irish land acts. A short sketch of their history and development* (Dublin, 1917), p. 20.).

In preparing the original cost estimates, Vaughan acknowledged that he may not have captured all expenditure so the position could have been worse than that shown above. Also no allowance has been made for non- payment of rent thus the profit figures for each estate might be considered optimistic.

The significance of the data, however, lies not in the specific numbers but rather the trend of declining profitability.



### Appendix 5.1 Value of securities on the London Stock Exchange 1853-1920

	1853		1893		1903		1913		1920	
	£m	%	£m	%	£m	%	£m	%	£m	%
<b>Government / Municipal stocks</b>										
- British Government stock	853.6	70.24%	901.6	18.40%	1,102.2	15.79%	1290.1	13.51%	5753.2	34.71%
- Colonial Government stocks	69.7	5.74%	1,031.5	21.05%	1,411.4	20.23%	2034.4	21.30%	3094.7	18.67%
- Total Government / Municipal Stocks	923.3	75.98%	1,933.1	39.46%	2,513.6	36.02%	3,324.5	34.81%	8,847.9	53.38%
<b>Corporate Stocks</b>										
- UK Railway stocks	193.7	15.94%	854.8	17.45%	1,104.6	15.83%	1217.3	12.75%	1259.5	7.60%
- Overseas railway stocks	31.3	2.58%	1,564.2	31.93%	1,977.8	28.34%	2929.8	30.68%	3888.4	23.46%
- Financial stocks	13.1	1.08%	199.5	4.07%	440.5	6.31%	609.1	6.38%	715	4.31%
- Utility stocks	24.5	2.02%	140.3	2.86%	200.1	2.87%	435.8	4.56%	465.7	2.81%
- Industrial stocks	21.9	1.80%	172.6	3.52%	690.9	9.90%	917.6	9.61%	1269.9	7.66%
- Resource stocks	7.4	0.61%	34.6	0.71%	50.8	0.73%	116.4	1.22%	129.8	0.78%
- Other stocks										
<b>Total corporate stocks</b>	291.9	24.02%	2,966.0	60.54%	4,464.7	63.98%	6,226.0	65.19%	7,728.3	46.62%
<b>Total nominal value of quoted securities</b>	1,215.2	100.00%	4,899.1	100.00%	6,978.3	100.00%	9,550.5	100.00%	16,576.2	100.00%

*Source:* The data used in the above table was extrapolated by the author from Ranald Michie, *The London Stock Exchange, a history* (Oxford, 2004), p. 88.

**Appendix 6.1 Super-tax annual return for year end 5 April 1917 for Luke  
Dillon, 4th baron Clonbrock**

<b>Tax Schedule</b>	<b>Income source</b>	<b>£-s-d</b>	<b>£-s-d</b>
A	Income from trade or profession		Nil
B	Income from property (Income determined by Poor Law valuation of land and buildings less 1/8th - Demense & buildings - Outside land & buildings - Dalystown Wood & buildings - Rent received	967-14-00 98-01-00 57-16-00 132-15-04 <hr/> 1256-06-04	1256-06-04
C	Income from the occupation of land (Income determined by the full Poor Law valuation of land but not buildings) - Demesne - Outside Lands -Dalystown Wood	1010-15-00 48-13-00 28-03-00 <hr/> 1087-11-00	1087-11-00
D	Investment Income - Dividend income from investment portfolios		8036-02-11
E	Wife's income		200-00-00
	Income before charges & allowances		10,580-00-03

**Appendix 6.1 continued**

<b>Tax Schedule</b>	<b>Income source</b>	<b>£-s-d</b>	<b>£-s-d</b>
	Particulars of charges on income		
	- Hon Helen Dillon	300-00-00	
	- Hon Louise Dillon	300-00-00	
	- Hon Katherine Dillon	300-00-00	
	- Lady Clonbrock - pin money	200-00-00	
	- Hon R.E. Dillon	300-00-00	
	- Hon Lady Mahon	50-00-00	
	- Interest on cash lent by Hon Helen Dillon	20-00-00	
	- Head rent	38-03-00	
	- Tithe rent charges	24-15-10	
	- Quit rent	4-02-10	
	- Board of Works - Suck River drainage charge	40-09-02	
	- Board of Works - Suck River maintenance charge	28-03-03	
		1605-14-01	(1,605-14-01)
	Allowance for insurance premiums paid		(28-06-08)
	Income for Super Tax purposes		8,945-19-06

*Source:* Super Tax return to the inspector of taxes for tax year 1916/17 (N.L.I., Clonbrock papers, MS 35,819.10).

**Appendix 6.2 Leinster estate quoted investment portfolio as at**

**8 February 1922**

<b>Security</b>	<b>Price £</b>	<b>Valuation £-s-d</b>
War Loan stock 3 1/2%	90 1/8 93	32,801-07-05
War Loan stock 5%	5/16	34,210-06-05
Victory Bonds 4%	83 7/8 102	12,707-01-03
Exchequer Bond 5 1/4% 1925	1/8	40,850-00-00
Funding loan stock 4% 1960-90	79 3/8	40,481-05-00
National War Bonds 1928 4%	97 3/4	45,258-05-00
India 2 1/2% Bond	41 1/2	10,582-10-00
India 3% stock	49 1/2	892-17-01
India 3 1/2% stock	58 1/2	3,824-08-11
India 3 1/2% stock	58 1/2	2,790-17-09
Guaranteed 3% stock	56 1/2 103	197-15-00
Essex County 6% Redeemable Stock 1940-60	1/2	10,350-00-00
London County 3 1/2% stock	66 1/2	1,104-18-03
Canada Dominion 4% Registered Stock 1940-60	79 1/2	3,180-00-00
Canada Dominion 4% Registered Stock 1940-60	79 1/2	88-04-10
Cape of Good Hope Consolidated 4% stock 1929-49	69 1/2	1,390-00-00
Hong Kong Gov 3 1/2 Inscribed stock 1918-43	66 1/2	3,038-19-01
Natal 3 1/2% Consolidated Stock 1934-44	71 1/2	2,960-00-01
New Zealand 3 1/2% stock	73 1/2	1,842-01-03
Queensland Gov 4% stock 1940-50	72 1/2	413-00-10
Queensland Gov 4% stock 1940-50	72 1/2	4,590-18-07
South Africa Union of Consolidated 4% stock 1943-63	72 1/2	3,625-00-00
Southern Nigeria (Lagos) Gov 3 1/2% inscribed stock	63 1/2	1,270-00-00

**Appendix 6.2 continued**

Security	Price £	Valuation £-s-d
South Australia Gov 4% inscribed stock 1940-60	70 1/2	2,153-00-08
Tasmanian Gov 4% Inscribed stock	73 1/2	4,410-00-00
Western Australian Gov 3 1/2% inscribed stock 1920-35	75 1/2	1,935-16-10
	211	
Bank of Ireland stock	3/4	7,264-09-11
Belfast Corp 3 1/2% Redeemable stock 1935	71 1/2	2,574-09-08
Bristol Corp 3 1/2% Redeemable stock	64 1/2	1,935-00-00
London Corp 5% stock 1945-65	92 3/4	13,912-10-00
Caledonia Railway company 4% Convertible preference stock	56	2,800-00-00
Caledonia Railway company 4% Convertible preference stock	57	3,420-00-00
Cardiff Railway Company 3% Debenture stock	52 3/4	1,582-10-00
Fishguard & Rosslare Railway 3 1/2% Guar. Pref. stock	62 3/4	3,137-10-00
Great Eastern Railway Consol. 4% Irredeemable stock	66 3/4	1,401-05-00
Great Southern & Western Railway Ireland 4% Preference stock	56	8,230-06-04
Great Southern & Western Railway Ireland Guar Preference stock	62 1/4	996-00-00
Great Western Railway 5% rent charge stock	89 3/4	1,081-09-09
Great Western Railway 5% debenture stock	93 3/4	1,457-16-03
Great Western Railway 4 1/2% debenture stock	83 3/4	2,840-16-00
Great Western & Great Central Railway 3 1/2% Guar. Stock	63 3/4	1,912-10-00
Hull & Barnsley Railway - 2nd Debenture stock	70 3/4	4,971-12-00
London Brighton & South Coast Railway 5% Guar. Stock	85	1,705-19-00

**Appendix 6.2 continued**

<b>Security</b>	<b>Price £</b>	<b>Valuation £-s-d</b>
London Brighton & South Coast Railway 5% Pref. Stock	79 3/4	1,993-15-00
London & South Western Railway 4% Consol. Pref. stock	66 1/2	1,995-00-00
London & South Western Railway 5% Consol. Pref. stock	92 3/4	15,953-00-00
Madras & Southern Mahratta Railway 4% Debenture stock	61 1/4	3,062-10-00
Metropolitan Railway 3 1/2% Preference stock	56 1/2	3,955-00-00
Midland Railway 2 1/2% perpetual stock	42 1/2	2,655-18-03
Midland Great Western Railway of Ireland 5% pref.stock	60	3,420-00-00
Cash (Irish Land Commission)		18-03-03
<b>Total value of securities of quoted securities</b>		<b>361,226-04-08</b>

*Source:* Probate valuation of quoted securities at 8 Feb. 1922 (P.R.O.N.I., Leinster estate papers, D3078/1/3).

**Appendix 6.3 Model to demonstrate the impact of inflation / (deflation) on the  
Leinster estate portfolio 1922-1978**

Year	Column	Column	Column	Column	Column	Column	
	A	B	C	D	E	F	
	Inflation Rate %	Cumul Inflation %	Nominal Capital £	Nominal Income £	Real Income £	Income Variance £	Revised Capital £
1922	-9.5000	-9.5000	546,829	25,574	28,004	2,430	549,259
1923	-1.7000	-11.2000		25,574	28,438	2,864	552,123
1924	2.3000	-8.9000		25,574	27,850	2,276	554,399
1925	-2.2000	-11.1000		25,574	28,413	2,839	557,238
1926	1.1000	-10.0000		25,574	28,131	2,557	559,795
1927	-5.6000	-15.6000		25,574	29,564	3,990	563,785
1928	-0.6000	-16.2000		25,574	29,717	4,143	567,928
1929	-0.6000	-16.8000		25,574	29,870	4,296	572,224
1930	-7.2000	-24.0000		25,574	31,712	6,138	578,362
1931	-4.5000	-28.5000		25,574	32,863	7,289	585,650
1932	-3.4000	-31.9000		25,574	33,732	8,158	593,808
1933	0.0000	-31.9000		25,574	33,732	8,158	601,967
1934	0.7000	-31.2000		25,574	33,553	7,979	609,946
1935	2.1000	-29.1000		25,574	33,016	7,442	617,388
1936	2.7000	-26.4000		25,574	32,326	6,752	624,139
1937	6.0000	-20.4000		25,574	30,791	5,217	629,356
1938	-2.5000	-22.9000		25,574	31,430	5,856	635,213
1939	10.9000	-12.0000		25,574	28,643	3,069	638,282
1940	12.7000	0.7000		25,574	25,395	-179	638,103
1941	3.1000	3.8000		25,574	24,602	-972	637,131
1942	-0.5000	3.3000		25,574	24,730	-844	636,287
1943	-0.5000	2.8000		25,574	24,858	-716	635,571
1944	1.0000	3.8000		25,574	24,602	-972	634,599
1945	1.0000	4.8000		25,574	24,346	-1,228	633,371
1946	0.5000	5.3000		25,574	24,219	-1,355	632,016
1947	3.2000	8.5000		25,574	23,400	-2,174	629,842
1948	4.9000	13.4000		25,574	22,147	-3,427	626,415
1949	3.5000	16.9000		25,574	21,252	-4,322	622,093
1950	3.2000	20.1000		25,574	20,434	-5,140	616,953
1951	12.0000	32.1000		25,574	17,365	-8,209	608,744
1952	6.3000	38.4000		25,574	15,754	-9,820	598,923
1953	1.1000	39.5000		25,574	15,472	-10,102	588,822
1954	4.0000	43.5000		25,574	14,449	-11,125	577,697

### Appendix 6.3 continued

	Column A	Column B	Column C	Column D	Column E	Column F	
Year	Inflation Rate %	Cumul Inflation %	Nominal Capital £	Nominal Income £	Real Income £	Income Variance £	Revised Capital £
1955	5.8000	49.3000		25,574	12,966	-12,608	565,089
1956	3.0000	52.3000		25,574	12,199	-13,375	551,714
1957	4.6000	56.9000		25,574	11,022	-14,552	537,162
1958	1.8000	58.7000		25,574	10,562	-15,012	522,150
1959	0.0000	58.7000		25,574	10,562	-15,012	507,138
1960	1.8000	60.5000		25,574	10,102	-15,472	491,666
1961	4.4000	64.9000		25,574	8,976	-16,598	475,068
1962	2.6000	67.5000		25,574	8,312	-17,262	457,806
1963	1.9000	69.4000		25,574	7,826	-17,748	440,058
1964	4.8000	74.2000		25,574	6,598	-18,976	421,082
1965	4.5000	78.7000		25,574	5,447	-20,127	400,955
1966	3.7000	82.4000		25,574	4,501	-21,073	379,882
1967	2.5000	84.9000		25,574	3,862	-21,712	358,170
1968	5.9000	90.8000		25,574	2,353	-23,221	334,948
1969	4.7000	95.5000		25,574	1,151	-24,423	310,525
1970	7.9000	103.4000		25,574	-870	-26,444	284,082
1971	9.0000	112.4000		25,574	-3,171	-28,745	255,337
1972	7.7000	120.1000		25,574	-5,140	-30,714	224,622
1973	10.6000	130.7000		25,574	-7,851	-33,425	191,197
1974	19.1000	149.8000		25,574	-12,736	-38,310	152,887
1975	24.9000	174.7000		25,574	-19,104	-44,678	108,209
1976	15.1000	189.8000		25,574	-22,965	-48,539	59,670
1977	12.1000	201.9000		25,574	-26,060	-51,634	8,036
1978	8.4000	210.3000		25,574	-28,208	-53,782	-45,746
				2,403,956	-1,219,829	-3,623,785	

#### Description of data contained in columns

- Col. A Annual inflation rate (Source: Barclays equity gilt study 2016).
- Col. B Cumulative inflation rate
- Col. C This was the value of the Leinster estate following the death of the 6th Duke in February 1922 and after the payment of death duties and family charges.
- Col. D This represents the 'base nominal annual income' from the portfolio. It is based on an investment return of 4.677 per cent per annum.
- Col. E The numbers in this column are calculated by adjusting the 'nominal



	annual income' for the cumulative effect of inflation / deflation
Col. F	This column represents the nominal income in column E adjusted for the cumulative inflation figure shown in column C,
Col. G	Column F minus column E.
Col. H	The adjustment to the value of the portfolio arrived at by adjusting for the income variance figure in column G.

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