Books

Digging the Dirt on UK Land Rights

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Kevin Cahill
Who Owns Britain

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Fred Harrison

IN A world that is drowning in information, the facts about who owns the land, and the value of land, remain either shrouded in secrecy or distorted by laws and practices that are designed to deprive people of accurate knowledge about their community's most important asset. The risks of corruption arising from this absence of transparency in the dealings with land is currently dramatised in New York, where a clutch of city officials has been charged with corruptly under-assessing property values to enable owners to avoid paying taxes.

In Britain, the Land Registry was established 76 years ago, and yet 50% of the land in England and Wales remains unregistered. Does it matter? Kevin Cahill, the author of *Who Owns Britain*, believes that it does.

The fact that the political system resists full disclosure suggests that secrecy continues to matter to people of influence. Could it be that the 1% of the population which owns 70% of the land in Britain derive a privileged benefit which they are reluctant to share with the other 99%?

KEVIN CAHILL has a distinguished record as a researcher, working for Sunday newspapers to compile Rich Lists. It takes great patience to winkle out the data on the wealth of a group of people who spend large sums on lawyers and accountants to cover their tracks. In his new work sub-titled *The Hidden Facts Behind Land Ownership in the UK and Ireland* Cahill excels himself. This is a magisterial compilation that makes the volume an essential reference work for those interested in the politics and economics of any society that is shaped by an elite that exercises private control over the resources of nature.

Cahill reveals how about 6,000 aristocratic names own 40 million acres – more than half the country – and have maintained their influence over the land up to the end of the 20th century. Cahill maintains that this concentration has been an impediment to the growth of the UK economy. He reveals the connections between land, the privileged centres of education (Eton, Oxbridge), the City of London, the House of Lords and, astonishingly, the green movement. This network constitutes the core of power in Britain.

Chapter 3 is the story of how the 1872 Return of Owners of Land – the "Lost Domesday" – was expunged from public life. The survey was dynamite. Victorian power brokers who had momentarily dropped their guard had to move fast following publication of the Return. In Scotland, for example, the *Highlander*, an

Inverness newspaper, launched a campaign which was to lead to the creation of the Highland Land Reform Association. In Ireland there was a similar angry reaction. Notes Cahill: "The biggest landowners in the four countries were all aristocrats, they were all essentially British, not Scottish, Irish or Welsh, and they were almost all inter-related ... [A]lmost every one of the top 100 landowners were also members of the House of Lords at a time when the upper house had considerable powers. The most influential politicians in the House of Lords at the time were almost certainly the Dukes, whose holdings made engaging reading (*See Table 1*).

Table 1 Land holdings of the top ten Dukes

Duke of	1872 (acres)	Income £	2001 equivalent income: £	2001 (acres)
Sutherland	1,358,545	141,667	9,916,690	12,000
Buccleuch	460,108	217,163	15,201,410	270,700
Fife	249,220	72,563	5,079,410	1,600
Richmond	286,411	79,683	5,577,810	12,000
Devonshire	198,572	180,750	12,652,500	73,000
Argylle	175,114	50,842	3,558,940	60,800
Atholl	201,604	42,030	2,942,100	148,000*
Northumberland	186,397	176,048	12,348,560	132,200
Montrose	103,447	24,872	1,741,040	8,800
Hamilton	157,386	73,636	5,154,520	12,600*

*Held jointly with trustees

Omitted from the list was the then Marquess of Westminster, who had yet to be elevated to dukedom. He was shown in the Return as possessing only 19,749 acres, none of them in London (which was not included in the Return). If his London acres and rentals had been included, he would probably have topped the list in money terms with an income of £300,000 a year, equivalent to about £21 million today.

CAHILL offers a fascinating review of the way the Return was handled by the aristocracy in order to bury the document's significance. They launched a propaganda campaign to expose the "lie" that the land was owned by a relatively few people. The Return was held to have demonstrated that landowners numbered something like one million. Cahill notes

> The lie did not so much vanish as be replaced by another one. And the propaganda of the landowners ... not only won the day against any immediate reform, at least in England, Wales and Scotland, but set the course for the burial of the Return.

Cahill chronicles the way in which the burial of the Return became an intriguing Victorian mystery. Its removal from the historic record despite being "one of the greatest single achievements of Victorian statistical enquiry" bears witness to the power of landowners. Cahill notes that the legacy of the Return might have prevailed in 1909 when the Liberal government passed the Finance Act which proposed a series of land taxes. This was

> intended to claw back for the government any capital appreciation in land values attributable to public expenditure on roads and similar services. This was called increment value duty and owed much to the theories of Henry George.

The outcome of that episode is well known. The House of Lords killed the intentions of the Act, but in doing so it lost its veto over the finances of the nation. But the result was a good one for their lordships: a democratic Parliament, although it was to try and try again, failed to correct the anomalies that were exposed in the Return.

PART TWO of this treasure trove offers a breakdown of land ownership on a county by county basis, identifying the top landowners in 2001. Cahill adds information about significant institutional landowners, which reminds us that we would be deluded if we continued to personalise the problem of the use and ownership of land in the 21st century.

The future of land is as much tied up in the small savers' pension funds as in the old dukedoms. Indirectly, millions of people have an interest in the flow of rental income. The problem is one of correctly interpreting the consequences of that flow. We may wish to preserve our miniscule share of the rent that we eventually might receive through our pensions. But along the way, we lose much more by participating in the private commercialisation of land. Unfortunately, however, the comprehensive analysis is not available in an accessible form to convince people at large that it is not in their personal or social interests to preserve the existing distribution of rental income.

Cahill's book consolidates the information that we need to wrap up the classical story of land ownership seen from the ground level. We now need a companion volume that takes the story into the City of London, to forensically identify the vested interests in the current structure of property rights from the viewpoint of high finance. For the next time a government tries to produce a modern version of the 1909 Finance Act, the opposition will not be led by the men in ermine; at the barricades will be the bowler hatted brigade. The argument will be that land is the essential foundation of the financial structure, and to remove it as collateral for debt would be to collapse the whole edifice on which the money system is built.

Cahill identifies the two themes of that next volume. These are sub-themes in his present book.

> The first is the general gross underestimate of the real value of land, both generally and specifically in the books of companies, especially development land, and secondly, the capacity of the system to over-price land in specific areas, on the basis of a scarcity which does not necessarily exist.

Cahill illustrates the propensity to undervalue land by reference to the Crown Estate holdings in London (*See Box 1*).

THE STORY of land ownership cannot be sensibly told without reference to the history of public finance. Perhaps the greatest achievement of the landed elite was to separate these two realities as if they were not one and the same issue.

Box 1 The Crowning Glory

KEVIN CAHILL records that the open market value of all the land held by the Crown Estate as stated in the annual accounts for 1998-9 was £2.7 billion (pp.148-9).

"But the Crown Estate owns almost 13 million square feet (almost 300 acres) of commercial property in the City of London and Central London itself. This includes over one and a half million square feet of Regent Street and New Oxford Street, still reckoned to be the world's premier shopping thoroughfare despite the gross tattiness of many of the premises. Taking an average value for Central London shop, office and commercial holdings, as suggested by the London Commercial Research Agency, of £400 per square foot, the London commercial properties of the Crown Estate alone have a value of around £5 billion, more than all the 384,000 acres of the Estate as recorded in the books of the company in March 2000. The Crown Estate also owns 2,217 residences in Central London, which at an average of just £500,000 each comes to £1.1 billion (although this is a conservative average: the Crown Estate has sold at least one of its residential properties in Regents Park for over £20 million)."

Cahill does not explore this association, but this observation is not intended to be a criticism of his achievement. Interestingly, it is an analysis by Cahill in *BusinessAge* (October, 2001, pp. 18-19) that dramatises the significance of the tax system in relation to the taxable capacity of land.

In "The Killing of Cornwall", he notes that the London Treasury extracts £1.95 billion in taxes out of the county's GDP of £3.6 billion. The Treasury returns less than £1.65 billion, so there is a net loss to this county, where the total earnings figure is 24% below the national average. Cornwall is getting poorer by the day, and Cahill offers this explanation: "One very simple and easily provable answer is because the Government in London is raping the county fiscally". The fiscal deficit of over £300 million all but completely explains the increasing pace of impoverishment in Cornwall. That and the banks and insurance companies. On the back of the government take, the insurance companies absorb about £200 million of Cornwall's capital each year and most of them put nothing at all back by way of investment. The banks and building societies soak up what is left of Cornwall's inadequate capital and at most put back 70 pence for every £1 they take in deposits.

Cahill's analysis of the fiscal flows shows that the marginal Cornish economy cannot bear the fiscal burden. But to develop a coherent critique of fiscal policy as administered by the Treasury, it is necessary to have a profile of the taxable capacity of the whole country. This is represented by the distribution of land values, which is the revenue base of society. The high land value areas (such as the south-east of England) ought to contribute a higher share of total revenue than the low land value areas such as Cornwall. But the data on land values in a form that enables people to judge the effectiveness of Treasury policy is not available in a form that would provoke a democratic demand for tax reform.

So it seems that the Victorian mystery – the killing of the1872 Return of Owners of Land – continues to exercise its influence in the 21st century. Cahill concludes his *BusinessAge* article with the lament that Cornwall will not recover "until the gap between the tax take and the exchequer give is at least neutralised and better still, reversed". That is the cue for his next book, on the taxable capacity of land and the history of fiscal policy.