

# *Businessmen and land ownership in the late nineteenth century*<sup>1</sup>

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Whether businessmen in the late nineteenth century held a significant proportion of their wealth in landed assets is not known, because ‘a great deal of further research would be needed to establish what may have been a normal multiple’.<sup>2</sup> Without precise estimates of the share of wealth invested in land, it is possible to explain neither the composition of a stock of wealth in this period nor the social significance attached to the purchase of land by businessmen. This article analyses the size and value of landed estates for a group of 295 businessmen profiled in the *Dictionary of business biography*.<sup>3</sup> By including only those born between 1790 and 1840, the sample is restricted to those active in the late nineteenth century. The landholdings of the individuals are checked using Bateman’s *Great landowners of Great Britain and Ireland*, and market values are estimated by capitalizing the gross annual values of the estates included.<sup>4</sup> The value of wealth in land (realty) is then compared with the value of personal wealth (personalty), as listed in probate records, to establish a multiple of personalty to realty. Using the available data it is impossible to estimate the value of realty for individual dates of death. Probate personalty is therefore expressed in constant prices for the 1870s when Bateman’s land records were collected.

The article is organized as follows. Section I explains the significance of a ratio of personal to landed wealth in the debate on businessmen and land purchase in the late nineteenth century. Section II looks at source data. Section III outlines a method for calculating personal wealth and the value of wealth in landholdings. Section IV estimates the share of wealth tied up in landed assets. Section V analyses the nature of land ownership using biographical data. The evidence indicates that few businessmen owned land on a large scale and that their landed assets comprised a small share of their total wealth. Low levels of social mobility as a consequence of land ownership are found, and new insights are offered into the connection between landed and business wealth in this period.

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<sup>2</sup> Thompson, ‘Life after death’, p. 49.

<sup>3</sup> Jeremy and Shaw, eds., *Dictionary of business biography*.

<sup>4</sup> Bateman, *Great landowners*.

## I

The relationship between wealth, status, and land ownership in the late nineteenth century is complex and difficult to define. Using a variety of sources and methods, researchers have tried to address the fundamental question of what land was owned by the newly rich. Land purchase by successful businessmen can be taken as evidence of gentrification, while the propensity of newcomers from commerce and industry to acquire land, in relation to non-landed assets, provides an additional index of social standing. Establishing a multiple for the amount of wealth held in realty and personalty is therefore an integral element of this debate.

There is some evidence that business wealth was used for land purchase in the nineteenth century because wealthy businessmen and their heirs could utilize land for investment, residence, or status. According to Thompson,

there were numerous land purchasers in the ranks of successful businessmen ... on the upper slopes of new wealth a move into land, whether for enjoyment, family-building, social acceptance, social climbing, or as a necessary part of a hybrid aristocratic-bourgeois culture, was very much taken for granted throughout the nineteenth century.<sup>5</sup>

Using Inland Revenue file series IR26, Thompson has calculated the realty held by 27 half-millionaires and their descendants. The annual values of the listed estates are capitalized at 30 and 35 years' purchase to establish estimates of market value. This value is then compared with the personal wealth of the original holder to give a ratio of personalty to realty. Thompson suggests that, for those businessmen who were active in the market for land, around half of their wealth could be tied up in landed assets: a ratio of personalty to realty of 1:1.<sup>6</sup> The diffusion of business fortunes into land, either through direct purchases or kinship acquisitions, was a broad avenue through which business magnates entered the upper echelons of society.

The most recent contribution to the debate, on the other hand, makes a strong case for restricted purchases of land by businessmen. Using the aggregate personalty and realty values at death for a group of 337 top wealth holders, Rubinstein suggests that the total invested in land was seldom more than a low proportion of a man's total worth. Only rarely did nineteenth-century businessmen channel their fortunes into land purchase. A typical ratio might be 7:1, seven-eighths of assets held in personalty alone.<sup>7</sup> This strengthens the argument made in previous research that,

the number of very wealthy entrepreneurs of the post-1780 period who purchased land on a large scale was very small indeed, either in terms of the

<sup>5</sup> Thompson, 'Life after death', p. 58.

<sup>6</sup> See further, Thompson, 'Business and landed elites'; *idem*, 'Stitching it together again'; *idem*, 'Life after death'; *idem*, 'Land market'; *idem*, *English landed society*; also, Spring, 'Social mobility'.

<sup>7</sup> See further, Rubinstein, 'Businessmen into landowners'; *idem*, 'Cutting up rich'; *idem*, *Elites*; also, Stone and Stone, *Open elite?*

total number of men of wealth or of the total landed acreage of Britain; fewer still transformed the bulk of their property into land.<sup>8</sup>

A careful analysis of the calculations made by Thompson and Rubinstein, however, reveals that the arithmetic procedures are biased in a direction which leads to the respective conclusions that the share of wealth retained in landed assets was either very high or very low. Thompson includes the land purchase of descendants without adjustment for their accumulated personalty, a method which exaggerates the value of realty that can be attributed to the original wealth holder. Rubinstein, on the other hand, posits a ratio of personalty to realty that is based on a sample of business and professional wealth holders the majority of whom possessed no land at all. Of the 337 wealthy individuals included in his survey, just 12 per cent held 1,000 acres or more while 55.5 per cent held less than an acre.<sup>9</sup>

Using a dataset comparable with those of Thompson and Rubinstein in terms of sample size and significance, this article identifies a clear tendency for successful businessmen to accumulate more wealth in personalty than in land. Moreover, for reasons which will be explained in section III, the measures used are biased against this conclusion. The share of total wealth embodied in landed assets is estimated, and the ratio of personalty to realty is calculated for those businessmen who appeared in the *Dictionary of business biography* and in Bateman's records. The estimated portfolio shares of personal to real estate are then compared with the national distribution of personalty and realty given in Inland Revenue *Annual reports* between 1894 and 1900. These data establish a benchmark estimate for the amount of wealth retained in landed and non-landed assets in the late nineteenth century. The results show that businessmen did not constitute a class of landowners and that landed assets comprised a relatively small share of their total wealth.

## II

The sample comprises 295 businessmen documented in the *Dictionary of business biography*. This source does not include entries for all businessmen who purchased land, but it can be used with some confidence to establish the proportion of individual wealth invested in land. The sample reflects business wealth holders active in a variety of fields and occupations. Agriculturalists are excluded from the database, so the sample is confined to men who made their fortunes in business. There is a slight bias towards those active in manufacturing, but the sample is generally representative of the population of leading figures in British business.

By 'controlling' for date of birth, all individuals born between 1790 and 1840 and hence active in the late nineteenth century are included. This periodization helps to filter out the effects of large-scale evasion and avoidance of death duties, important for a study that uses wealth data.

<sup>8</sup> Rubinstein, 'New men of wealth', p. 125.

<sup>9</sup> *Idem*, 'Businessmen into landowners', p. 104.

Although the owners of large estates were probably more likely to avoid such taxes, particularly through *inter vivos* gifts, the effect is likely to have been minor. Dodging the payment of death duties gathered pace only after the First World War. The total capital subject to duty increased by just 0.5 per cent annually between 1898 and 1914.<sup>10</sup>

To estimate the proportion of wealth held in land, calculations of wealth including and excluding the value of land need to be made for the individuals in the sample. Wealth data, which exclude the value held in land for most of the nineteenth century, are available from probate records. From 1858 probates provide a consistent record of the gross value of the estates transferred *post mortem* as required by probate or grant of administration. Probate entries can be used effectively to analyse income, wealth, and inequality for the most affluent social groups. An estimate has been obtained of the gross value of personal estates passing on death for the 295 cases in the sample.<sup>11</sup> Land other than that held under leasehold was not included in probate valuations until 1898, thus providing a convenient method of separating personal wealth from real estate wealth. Some individuals in the sample died after 1898, and all of them before settled land was included in probate in 1926. Land probably did go in and out of settlement, especially after the Settled Land Act of 1882 which enabled those with life settlement to sell their land. But as settled land was liable to a lower than usual estate duty there was an incentive to settle land over a generation, or sell, to avoid a large liability on death. For those in the sample who left estates between 1898 and 1926 unsettled land will be included in their probate estimates. However, for the purpose of this study the upward bias in personalty is likely to be close to zero.<sup>12</sup> The value of wealth held in land is inextricably linked with probate only from the second half of the 1920s.

Corresponding estimates of real estate wealth are more difficult to obtain. Large quantities of data on land tenure are available, but distributions are seldom disaggregated and given by name. Inland Revenue reports in this period show only the aggregate value of British realty and the distribution of property passing at death by tenure and wealth. The value of land vested in individuals is not included. The Inland Revenue file series IR26, available for the period 1796-1903, does include estimates of individual land holdings, but consists of numerous manuscript volumes which are difficult to decipher. It cannot be used effectively to trace names from large samples.<sup>13</sup>

The single most useful source for determining the extent of landholdings is Bateman's *Great landowners of Great Britain and Ireland*, published

<sup>10</sup> Offer, *Property and politics*, pp. 110-11.

<sup>11</sup> The original sample comprised 302 businessmen, but probate entries were located for only 295.

<sup>12</sup> To check for bias in the estimates of personal to real estate wealth shares in section IV those dying between 1898 and 1926 were excluded. There was no change in the substantive results. One explanation is that the tradition of primogeniture kept large estates intact through settlement. Large units of land, which comprised the most significant addition to total wealth for individuals, were likely to be settled over generations and therefore would not be included in probate before 1926. See further, Stone and Stone, *Open elite?*, pp. 69-86.

<sup>13</sup> Rubinstein, 'Cutting up rich', p. 351.

in four editions between 1876 and 1883. Unsatisfied with the accuracy of the 1872-3 Local Government Board investigation into landowners, their acreages, and the rental value of their estates (published in the *Return of Owners of Land*), Bateman used private correspondence in compiling an adjusted return for the large landholders known to him. The final listing in 1883 documents those in possession of at least 2,000 acres yielding at least £2,000 in gross annual rental. It is generally recognized that Bateman's listing contains omissions and discrepancies. The process of estimating land values is complex and the voluminous entries in the original *Return*, on which Bateman's revisions were based, contain errors of transcription. A major criticism of Bateman is that he ignores land in London, which comprised about 20 per cent of the total for Great Britain and Ireland.<sup>14</sup> He was forced to make the omission because the complex division of London land between rented property and owned property would have taken years to unravel. The compilers of the *Return* had not undertaken such a task either.

Since then, data have become available which show that London land was concentrated in the hands of a few large peers and corporations. Of the major London landowners who appear in that source, none is represented in the sample of businessmen used here.<sup>15</sup> However, the ownership of urban ground rents in London was undoubtedly more diverse. Although London property was probably less evenly distributed than the acreage elsewhere, in 1913 there were still 700 owners of more than 5 acres each in the County of London. Their holdings comprised approximately 38 square miles and around 33 per cent of the London County Council area.<sup>16</sup> It is likely that businessmen included in the sample did own land in districts of the capital. It must be remembered that Bateman does not give a distribution of national landholdings.

Bateman's listing is also specific to tenure in the early 1870s. The essence of his work was to revise the estimates given in the *Return of 1872-3*, published in 1874. It is doubtful whether Bateman records all new estates established between 1873 and 1883, so the returns are applicable only for a short period. Those who had owned land could be parted from it through sale or death before Bateman's starting date, while any land purchased after the final edition was completed would not appear in Bateman's listing. Caution would certainly be urged in extrapolations beyond the end date. For individuals such as William Armstrong who purchased land towards the end of his life, Bateman's returns do not give an accurate reflection of late nineteenth-century land purchase. Armstrong, an entrepreneur in armaments manufacture, bought Bamburgh Castle in Northumberland and its 10,000-acre estate for £60,000 in 1894, 11 years after Bateman's final edition.<sup>17</sup>

It must also be stressed that Bateman's returns are not a representative

<sup>14</sup> Lindert, 'Who owned Victorian England?', p. 33.

<sup>15</sup> *Ibid.*, pp. 47-8.

<sup>16</sup> Offer, *Property and politics*, p. 273.

<sup>17</sup> 'Armstrong', in Jeremy and Shaw, eds., *Dictionary of business biography*.

sample of all landowners since the threshold of 2,000 acres worth £2,000 per year is high.<sup>18</sup> Capitalized at a conservative 20 years' purchase, the bare minimum capital value of land holding necessary to qualify for inclusion by Bateman would be in the order of £40,000. Only the very wealthy could purchase land on this scale. Bateman captures only large landowners, possibly excluding small to modest estates that were likely to be the preserve of new men of wealth who had yet to acquire larger properties. Those who owned land for reasons other than to secure income from agricultural rents may well have held smaller acreages.<sup>19</sup>

Allowing for such omissions, however, Bateman's listing does bring together valuable material on land ownership. The Bateman threshold distinguishes between status and lifestyle land purchases because entry into the 'landed gentry' did require a large estate.<sup>20</sup> Land was a relatively fixed asset and involved a high transaction cost of sale, so Bateman gives some insight into landholdings in the late nineteenth century. The sample is also biased towards businessmen who were successful in their field and who had fortunes compatible with the acquisition of estates which qualified for inclusion in Bateman. Although an imperfect source, the four editions of the *Great landowners* represent the best available data on which to base estimates of wealth tied up in landed assets in this period.

### III

Bateman was interested in the number of landowners and the size of their holdings, rather than the potential sale value of their estates. Years' purchase and classification of land by type were, therefore, beyond the remit of his investigation. When land was sold its price was expressed as the rental value multiplied by the number of years' purchase. A high years' purchase meant a low rate of return and vice versa. The number of years' purchase reflected the interest rate, taxation rates, rent-default risk, and expected rate of land-price appreciation. These varied considerably over time and between land uses.

Rents also fluctuated widely in this period. Land values could move because of a change in the rental value of land, a change in years' purchase, or a combination of the two. This was particularly pronounced in the last quarter of the nineteenth century. Rents were falling because of foreign competition. A fall in years' purchase occurred on agricultural land during conditions of agricultural depression because the expected rate of land price appreciation was low and the default risk was higher.

<sup>18</sup> Of the 972,836 owners of land in the *Return*, 10,207 were in possession of at least 500 acres; 4,799 held 500 to 1,000 acres; 2,719 held 1,000 to 2,000 acres; and 2,689 held over 2,000 acres.

<sup>19</sup> For example, Christian Allhusen, the chemical manufacturer, purchased an estate of around 500 acres in Buckinghamshire in 1872. It had a net annual value for succession duty of £1,169. There is, however, evidence to show that businessmen were not predisposed to owning lesser estates. In Rubinstein's sample of 337 top business and professional wealth holders, 55.5% held less than 1 acre ('Businessmen into landowners', p. 104). See also, Stone and Stone, *Open elite?*, p. 403.

<sup>20</sup> It is difficult to set the criteria by which membership of the landed gentry can be established. Thompson, 'Stitching it together again', pp. 365-6, highlights thresholds which define owners of 1,000, 2,000, and 3,000 acres to be 'squires', the 'landed gentry', and 'large landowners', respectively.

This was exacerbated by the Liberal campaign against landed monopoly which threatened to place an additional tax burden on landowners.<sup>21</sup> The value of urban ground rents, on the other hand, increased on trend with smaller trade cycle fluctuations and accounted for a larger share of gross rent receipts.<sup>22</sup> It was not until after 1900 and the Edwardian property slump that years' purchase on urban ground rents began to fall.<sup>23</sup>

It would be misleading to capitalize the annual values in Bateman's listing using a single rate for years' purchase because different types of tenure were included in the *Return* on which his estimates were based. The compilers assessed land 'whether built upon or not', excluding only waste land or areas such as rivers and roads. The total acreage of England as estimated by the Ordnance Survey in this period was 37.3 million acres and the total acreage identified in the *Return* 34.5 million acres, the difference being accounted for by land within the boundaries of London and by miscellaneous lands not ratable.<sup>24</sup> The market for land was not homogeneous which would have affected years' purchase (and rents) on different types of holdings.<sup>25</sup>

Years' purchase, in part, depended on the amount of property on the market and the number of potential buyers. Expectations of the long-term interest rate were also important, since they affected the willingness to devote resources to land purchase. For much of the nineteenth century, years' purchase on agricultural land was higher than the price-earnings ratio on consols which is illustrated in figure 1. Although paradoxical because the differential implies that agricultural land embodied a lower level of risk than consols, this trend would be observed if individuals active in the market for land were willing to bid up prices. A possible explanation is that the social amenities of land enhanced its so-called 'positional premium'. While the return on consols was purely economic, the owners of land could extract a return in excess of money rent.<sup>26</sup>

*The Economist* reported in 1870 that 'social consideration is a great and legitimate object of desire' and that 'thirty years' purchase is not a rate from which the competing millionaires shrink. On the contrary they are giving more already.'<sup>27</sup> Land could be used for residence, and to acquire status and position, in addition to earning an income from agriculture. Land ownership was an explicit expression of wealth and could be traded above its economic value. The data in figure 1 suggest that up to 40 years' purchase, with a higher figure on some holdings, might be a reasonable capitalization rate on agricultural land for the Bateman period.

Unfortunately, no comparable data are available for 1870s urban ground rents. The income flow for urban enterprises was less uncertain than for

<sup>21</sup> See further, Offer, *Property and politics*, pp. 161-217.

<sup>22</sup> *Idem*, 'Ricardo's paradox', p. 250.

<sup>23</sup> *Idem*, *Property and politics*, pp. 276-8.

<sup>24</sup> *Return* (P.P. 1874, LXXII, pt. 1), pp. 3, 12-13.

<sup>25</sup> See further, Stamp, *Incomes and property*, pp. 381-405.

<sup>26</sup> Offer, *Property and politics*, pp. 276-8; also, Turner et al., *Agricultural rent*, pp. 172, 218-19; Allen, 'Price of freehold land'; Clay, 'Price of freehold land'.

<sup>27</sup> 'The effect of free trade in land upon peasant proprietorship', *Economist* (16 July 1870), pp. 880-1.

agricultural land, implying a lower risk and a higher years' purchase. But the market for land was considerably more complex. Urban land, unlike agricultural land, was probably traded at a value which reflected its economic return, with only the wealthy districts of London and the new provincial cities attracting any premium. This complicates any estimation based on the years' purchase ascribed to agricultural land. Owing to wide fluctuations in years' purchase, upper and lower limits are used here to capitalize the gross annual values given by Bateman. From figure 1, 40 years' purchase is a suitable rate at which to capitalize agricultural land in the period before the depression. Rates of 20 and 30 years' purchase may represent compromise estimates for other forms of tenure. These rates are inevitably speculative because comparable data on years' purchase for urban land are not available. Inasmuch as the capitalization rates are broad, however, allowance is made for variations in land use.

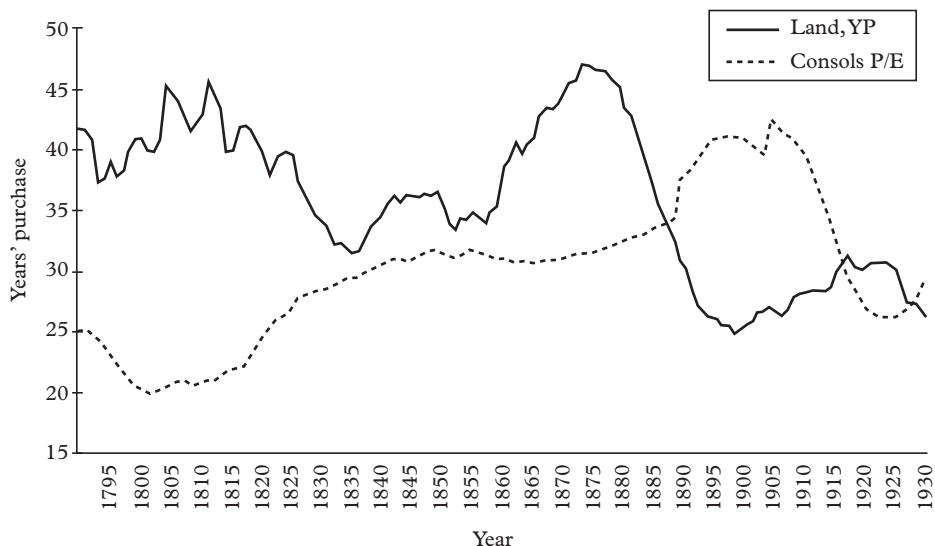


Figure 1. *Years' purchase on agricultural land and the price-earnings ratio on consols, 1790-1930*

Source: Offer, 'Farm tenure and land values', fig. 2, p. 14.

Note: Land values are calculated at 75% of the gross to adjust for administration and maintenance costs.

Given that the Bateman data were collected for the years before the depression, the returns can be used reliably as a snapshot indication of nineteenth-century land purchase only for the same period. The procedure adopted is, therefore, to compare the value of personality in constant prices for the 1870s with the value of realty as estimated from Bateman's listing. It is currently impossible to measure the movement of rents and years' purchase on the sample holdings after the depression.<sup>28</sup> The value of realty cannot be calculated for all individuals at date of death.

<sup>28</sup> Turner et al., *Agricultural rent*, pp. 309-23, provides data on rent and years' purchase which could be used for this purpose, but the estimates apply only to agricultural land rather than to all realty.



One criticism of this method is that post-1873 valuations of personalty will be biased upward relative to realty valuations based near 1873. Personalty might have been accumulated (or decumulated) later in the life cycle. However, it is more likely that the estimates of personalty to real estate wealth shares are biased downwards using the constant-price procedure. Figure 1 illustrates a fall in years' purchase on agricultural land for the post-depression years when probate was granted for a number of individuals in the sample. The market value of realty would have been much lower if it were estimated using post-depression years' purchase and rental values. Omitting the decline in realty values after 1873 creates a downward bias in the estimated ratios of personalty to realty. The following section contains a range of estimates of the portfolio shares of the businessmen in the sample.

#### IV

Using the three capitalization rates and tracing the 295 names in the sample of businessmen through Bateman's returns, a cross-sectional representation of late nineteenth-century businessmen who were landowners is constructed. The data, for those who were shown as landowners, are given in table 1. The number of acres and gross annual values are taken from Bateman's listings and postulate an index of landholding and rent-earning capacity. Capitalization of the gross annual values is given at 20, 30, and 40 years' purchase to establish upper and lower bounds for market value estimates. The value of personalty is converted to constant prices for the 1870s using a GDP deflator.<sup>29</sup> Various measures of the ratio of personalty to realty are given, according to capitalization rates.

The data in table 1 show that businessmen did not form a distinct class of landowners. Of the 295 businessmen in the sample, just 26, or 8.8 per cent of the total, purchased or inherited land to the extent which qualified them for inclusion in Bateman's records. Not all landowning businessmen are included in the sample, but the finding is consistent with the view that only rarely did men whose wealth derived from business purchase large amounts of land. The sample is composed of well-to-do businessmen with fortunes that could be used for acquiring landed assets. Included are men who inherited wealth, or who founded successful firms from humble beginnings. In general, there is a low tendency for these individuals to own landed estates in the late nineteenth century.

This form of measurement can, however, be deceptive. Like income and wealth, nineteenth-century land ownership was heavily concentrated. If those individuals who were active in the market for land maintained a significant proportion of their wealth in landed assets, the propensity to hold land within a stock of wealth would be high. The first measure

<sup>29</sup> Take the average of the index of the GDP deflator for 1870-80. If 1900 = 100, the mean for 1870-80 = 105. The deflator is calculated by dividing the current series by the series at 1900 prices of GDP at factor cost given in Mitchell, *British historical statistics*, pp. 831-2, 837-8.

Table 1. *A sample of businessmen who were landowners in the late nineteenth century*

Name	Probate personality (£)	Acres	Gross annual value (£)	Annual value per acre (£)	Years' purchase (£)			Personalty/realty			Rank
					20	30	40	20YP	30YP	40YP	
John Derby Allcroft (1822-93)	549,645	5,697	8,365	1.47	167,300	250,950	334,600	3.29	2.19	1.64	13
William George Armstrong, first Lord Armstrong of Cragside (1810-1900)	1,470,716	2,265	6,606	2.92	132,120	198,180	264,240	11.13	7.42	5.57	3
John Bowes (1811-85)	166,955	43,200	21,071	0.49	421,420	632,130	842,840	0.40	0.26	0.20	24
Henry Bouverie William Brand, first Viscount Hampden (1814-92)	60,516	8,846	8,121	0.92	162,420	243,630	324,840	0.37	0.25	0.19	25
Henry Fowler Broadwood (1811-93)	94,444	5,052	3,158	0.63	63,160	94,740	126,320	1.50	1.00	0.75	19
William Cavendish, seventh Duke of Devonshire (1808- 91)	2,059,990	198,665	180,990	0.91	3,619,800	5,429,700	7,239,600	0.57	0.38	0.28	22
Samuel Courtauld III (1793-1881)	749,999	2,698	4,752	1.76	95,040	142,560	190,080	7.89	5.26	3.95	4
John Dodgson-Charlesworth (1815-80)	205,882	3,469	9,126	2.63	182,520	273,780	365,040	1.13	0.75	0.56	20
George Sholto Gordon Douglas-Pennant, second Lord Penrhyn (1836-1907)	659,775	49,548	71,018	1.43	1,420,360	2,130,540	2,840,720	0.46	0.31	0.23	23
William Thomas Spencer Wentworth Fitzwilliam, Irish and English Earl Fitzwilliam (1815-1902)	3,087,449	115,743	138,801	1.20	2,776,020	4,164,030	5,552,040	1.11	0.74	0.56	21
William Foster (1821-84)	1,400,000	12,725	9,098	0.71	181,960	272,940	363,920	7.69	5.13	3.85	5
William Orme Foster (1814-99)	2,890,851	21,062	28,426	1.35	568,520	852,780	1,137,040	5.08	3.39	2.54	8
Henry Hucks Gibbs, first Lord Aldenham (1819-1907)	694,675	3,405	6,177	1.81	123,540	185,310	247,080	5.62	3.75	2.81	7
Sir John Hawkshaw (1811-91)	243,158	4,166	3,309	0.79	66,180	99,270	132,360	3.67	2.45	1.84	12
Robert Heath II (1816-93)	357,497	3,320	4,800	1.45	96,000	144,000	192,000	3.72	2.48	1.86	10
Edward Levy Lawson, first Lord Burnham (1833-1916)	205,302	3,207	3,802	1.19	76,040	114,060	152,080	2.70	1.80	1.35	14
Samuel Cunliffe Lister, first Lord Masham (1815-1906)	672,039	24,569	17,253	0.70	345,060	517,590	690,120	1.95	1.30	0.97	15
Samuel Jones Loyd, Lord Overstone (1796-1883)	2,223,988	30,849	58,098	1.88	1,161,960	1,742,940	2,323,920	1.91	1.28	0.96	16
Charles Morrison (1817-1909)	11,486,263	75,732	31,434	0.42	628,680	943,020	1,257,360	18.27	12.18	9.14	2
John Mulholland, first Lord of Ballywater (1819-95)	673,000	14,688	19,424	1.32	388,480	582,720	776,960	1.73	1.15	0.87	18
Sir Charles Mark Palmer (1822-1907)	15,829	2,664	2,804	1.05	56,080	84,120	112,160	0.28	0.19	0.14	26
George Palmer (1818-97)	1,094,454	2,001	2,446	1.22	48,920	73,380	97,840	22.37	14.91	11.19	1
Sir Nathaniel Meyer Rothschild, first Lord of Tring (1840-1915)	2,205,882	15,378	28,901	1.88	578,020	867,030	1,156,040	3.82	2.54	1.91	9
Joseph Shuttleworth (1819-83)	588,226	3,800	7,923	2.09	158,460	237,690	316,920	3.71	2.47	1.86	11
John Walter III (1818-94)	354,065	7,054	9,728	1.38	194,560	291,840	389,120	1.82	1.21	0.91	17
Charles Henry Wilson, first Lord Nunburnholme (1833- 1907)	1,027,129	8,500	8,000	0.94	160,000	240,000	320,000	6.42	4.28	3.21	6

Sources: Jeremy and Shaw, eds., *Dictionary of business biography*; Bateman, *Return of owners of land*

captures only the proportion of businessmen likely to hold landed assets, and tells nothing of the composition of their wealth. A more extensive analysis of the sample data is needed to understand the nature of landholding in this period.

Table 2. *Average ratio of personalty to realty for the businessmen in the sample*

<i>Years' purchase</i>	<i>Personalty/realty</i>	<i>Total wealth retained in personalty (%)</i>
40	2.28	69.5
30	3.04	75.2
20	4.56	82.0

Source: see text discussion

If land was an important component of wealth for businessmen, one would expect to find a low ratio of personalty to realty. As noted in section I, reported ratios range from 1:1 to 7:1 depending on the estimation procedure used.<sup>30</sup> Insofar as a normal multiple can be calculated, the data suggest that both estimates represent extremes. Table 2 shows the average ratios of personalty to realty at 40, 30, and 20 years' purchase, for the 26 individuals in the sample who could be traced in Bateman's records. They are 2.28:1, 3.04:1, and 4.56:1 respectively. This means, on average, that between 69.5 per cent and 82 per cent of total wealth was held as personalty. Personalty was a larger component of total wealth than realty for the landowning businessmen included in the sample. A ratio of 1:1 of personalty to realty significantly understates the proportion of wealth held in personal as opposed to real estate wealth for businessmen whose holdings qualified them for inclusion in Bateman.

On Rubinstein's procedure, which compares aggregate personalty with aggregate realty, the data presented in table 3 reveal a ratio of personalty to realty of between 4.38:1 and 8.77:1 depending on the number of years' purchase applied. The 295 businessmen in the sample held personalty equivalent to £121.9 million, and of these the 26 individuals recorded in Bateman held landed wealth equivalent to between £13.9 million and £27.8 million. However, with 20, 30, and 40 years' purchase as respective

Table 3. *Aggregate ratio of personalty to realty for the businessmen in the sample*

	<i>Years' purchase</i>		
	<i>20</i>	<i>30</i>	<i>40</i>
Total realty (n = 26)	£13.9m	£20.8m	£27.8m
Personalty/realty	8.77	5.86	4.38

Notes: Total personalty (n = 295) = £121.9m. Realty is estimated for individuals with Bateman estates.

Source: see text discussion

<sup>30</sup> Thompson, 'Stitching it together again', pp. 369-70; Rubinstein, 'Cutting up rich', p. 356.

capitalization rates, just five, three, and two individuals in table 1 held wealth in realty to clear a threshold ratio of 7:1. Although the proportion of total wealth invested in land was relatively small, as indicated in table 3, a ratio of 7:1 was probably the exception rather than the norm for businessmen with large land holdings.

The data in table 4 are Inland Revenue estimates of the total amount of capital on which estate duty was paid under the provisions of the 1894 Finance Act.<sup>31</sup> These data can be used to ascertain the national distribution of personalty and realty. They are not comparable with the data in table 3, which exclude the market value of land owned below the Bateman threshold for 269 individuals in the sample, but they may be compared with the average ratios given in table 2.<sup>32</sup> Table 2 indicates the personal to real estate portfolio shares for a sample of businessmen who were large landowners in the late nineteenth century and table 4 gives a ratio for the population of wealth holders paying estate duty between 1894 and 1900.

Table 4. *The total amount of capital on which estate duty was paid, 1894-1900*

<i>Year</i>	<i>Total (£m)</i>	<i>Personalty (£m)</i>	<i>Realty (£m)</i>	<i>Personalty/realty</i>	<i>Total wealth retained in personalty (%)</i>
1894-5	91.7	76.5	15.2	5.03	83.4
1895-6	213.2	183.2	30.0	6.11	85.9
1896-7	215.8	176.1	39.7	4.44	81.6
1897-8	244.7	195.2	49.5	3.94	79.8
1898-9	248.2	198.8	49.4	4.02	80.1
1899-1900	288.7	230.8	57.9	3.99	79.9

Source: Inland Revenue *Annual reports*.

If businessmen in possession of estates which qualified them for inclusion in Bateman did hold a disproportionately large share of their wealth in real estate assets, the percentage shares of wealth retained as personalty would be lower in table 2 than in table 4. These data show that the wealth portfolios of businessmen in the sample who cleared Bateman's threshold actually matched the national distribution of personalty and realty. On average, 82 per cent of the total capital paying estate duty between 1894 and 1900 was composed of personalty: a ratio of personalty to realty of 4.59:1.<sup>33</sup> The businessmen landowners in table 1,

<sup>31</sup> In 1894 estate duty was imposed on all property passing on death. Inland Revenue *Annual reports* in the P.P. series detail, for the first time, the aggregate personalty and realty on which duty was paid.

<sup>32</sup> Recall that table 2 includes the *total* value of *all* realty owned by the 26 individuals even though their estates were above 2,000 acres worth more than £2,000 p.a. in gross annual rent.

<sup>33</sup> The Inland Revenue capitalized land (agricultural, residential and business, and urban) at an average of 19 years' purchase between 1894 and 1900. Using 20, 30, and 40 years' purchase to capitalize the realty in table 4, the average percentage of total wealth retained as personalty is 81 per cent, 74 per cent, and 68 per cent, respectively. Therefore the portfolio shares of the businessmen in table 2 match the national distribution of personalty and realty, even allowing for changes in years' purchase between the Bateman period and the years in which the Inland Revenue data were collected.

on average, held between 69.5 per cent and 82 per cent of their total wealth in personalty: a ratio of personalty to realty of between 2.28:1 and 4.56:1. Businessmen who owned land on a large scale in the late nineteenth century were not predisposed to acquiring such assets. They did not maintain a disproportionately large share of their wealth in real estate form. In the next section case study evidence is used to analyse further the nature of personal and landed wealth holding in this period.

## V

In the late nineteenth century land ownership was heavily concentrated and those who accumulated land held the largest fortunes. From the sample data a wealth distinction can be observed between landowners and non-landowners. The median probate personalty for the 26 individuals in table 1 is £673,000 and for the 269 non-landowners £145,000. Together, the landowners account for almost 29 per cent of total personalty, yet make up just 8.8 per cent of the sample.

The largest landowners were the hereditary aristocrats. The combined acreages of the three hereditary landowners in the sample, the seventh Duke of Devonshire, the Earl Fitzwilliam, and the second Lord Penrhyn, account for around 55 per cent of the total. Size could, of course, be misleading because small farms were more valuable per unit of land, costing more per acre and yielding a higher rent.<sup>34</sup> Urban ground rents were also generally smaller and more remunerative per acre than agricultural land because the flow of income was more certain and locational value was higher. A given area of urban tenure was more rent engrossing than a comparable portion of agricultural land.

None the less, the hereditary landowners are still distinguishable in the context of value as well as of size. The seventh Duke of Devonshire, the Earl Fitzwilliam, and the second Lord Penrhyn, at the most conservative estimate, held land valued at over £3.6 million, just under £2.8 million, and around £1.4 million, respectively, at 20 years' purchase. The remaining landowners were small by comparison, with just one other individual in the sample, Samuel Jones Loyd, Lord Overstone, possessing land valued at over £1 million. The hereditary landowners were also distinguishable because they tended to hold more realty as a share of total wealth, ranking at 22, 21, and 23 respectively in table 1. In terms of size, value, and composition of landed assets within a stock of wealth, the hereditary aristocracy appear to have formed a distinct group of the landed elite.<sup>35</sup>

Land could, however, be sought by businessmen for social reasons or esteem. John Derby Allcroft, who made his fortune as a leading midlands glove and leather manufacturer, became lord of the manors of Stokesay

<sup>34</sup> Turner et al., *Agricultural rent*, pp. 54-6.

<sup>35</sup> See also Cannadine, *British aristocracy*, app. A, for a list of the largest titled landowners. They are distinguishable from the largest business landowners in table 1 by the size and gross annual value of their estates.

and Onibury following the acquisition of estates in Shropshire.<sup>36</sup> William George Armstrong was raised to the aristocratic title of first Lord Armstrong of Craggside in 1887 because of his entrepreneurship in engineering and armaments manufacture. He had amassed an estate of 2,265 acres with a gross annual value of £6,606 by 1883.<sup>37</sup> Land-purchasing activity was a measure of gentry status and did reflect the partial assimilation of the new wealthy into the established landed elite. But, as is clear from table 1, only a very few businessmen were large landowners and fewer still entered the upper echelons of society through the peerage.

More generally, the propensity to hold landed wealth in size and in proportion to personal wealth was a function of individual circumstances. Edward Levy Lawson made his money as a newspaper proprietor and used the 3,207 acres attributed to him in Bateman's returns for residence and country pursuits.<sup>38</sup> Conversely, John Bowes's 43,200 acres in Durham and North Yorkshire were used exclusively for mineral exploitation (mostly coal) and accounted for a large share of his total wealth.<sup>39</sup> Even within land uses, circumstances varied. Robert Heath II was a colliery proprietor, much larger in fact than Bowes, but owned just 8 per cent in acreage and 23 per cent in gross annual rental of the land attributed to Bowes in Bateman's listing. This was because Heath leased rather than owned much of the land he used for coal mining.<sup>40</sup> While Heath is placed tenth in the ranking of ratios of personalty to realty in table 1, Bowes is ranked much lower at 24.

The composition of wealth could also be strongly influenced by the relative values of personalty and realty. Charles Morrison, the massively rich and affluent merchant banker and warehouseman, held between nine and 18 units of personal wealth to one unit of real estate wealth in table 1 (depending on capitalization). Morrison was wealthy and he was also a large landowner.<sup>41</sup> George Palmer, the biscuit manufacturer from Somerset, at the other extreme, cleared the Bateman threshold by just 1 acre and held much less personal wealth than Morrison.<sup>42</sup> Morrison and Palmer rank respectively second and first for the proportion of wealth held in landed assets, though for entirely different reasons. As these examples illustrate, the size of landholding and the value of wealth held in landed assets was a function of individual circumstances rather than of common factors influencing purchases. There was no 'typical' businessman landowner in this period. Land could be an element of an investment portfolio, or held for residence, leisure, and status. The market for land was complex and possession had diverse social as well as economic reasons.

Why the remaining 269 businessmen in the sample were not significant

<sup>36</sup> 'Allcroft', in Jeremy and Shaw, eds., *Dictionary of business biography*.

<sup>37</sup> 'Armstrong', in *ibid.*

<sup>38</sup> 'Lawson', in *ibid.*

<sup>39</sup> 'Bowes', in *ibid.*

<sup>40</sup> 'Heath', in *ibid.*

<sup>41</sup> 'Morrison', in *ibid.*

<sup>42</sup> 'Palmer', in *ibid.*

accumulators of land is difficult to judge. If wealth alone motivates land purchase, there will be a threshold below which the fixed costs of land make it inefficient to hold. The costs of conveyance and maintenance were both large. However, if the bare minimum needed to buy a Bateman-sized estate can be put at roughly £40,000, around 80 per cent of the non-landowners in the sample would have been above this threshold.<sup>43</sup> Some 60 per cent left probate personalty worth in excess of £100,000, while all those who did not leave large fortunes on their death generated significant wealth at some point during their lifetime.

Given that the Bateman data were collected for the pre-depression years, the general disinclination of these individuals to purchase land cannot be explained by falling rents. Neither had the political campaign against the excessive concentration of landed property gathered pace. But the opportunity cost of land ownership was still high. As shown in figure 1, until the early 1880s the rate of return on government consols was much greater than that on agricultural land. A high years' purchase did reflect a favourable market for land, and a prospective 'positional premium' could have encouraged ownership by the very wealthy. On the other hand, investment funds might equally have been channelled into consols or alternative more profitable business ventures. This would at least partly account for the high proportions of personal to real estate wealth of businessmen in tables 2 and 3.

Those who did divert their wealth into land acquisitions felt the squeeze on incomes during the agricultural depression. Agriculture was relatively prosperous from the 1840s to the mid-1870s but a fall in prices thereafter meant that estate rentals collapsed along with land values. Samuel Jones Loyd, once he had been created Baron Overstone in 1850, ceased to have any direct involvement in the family bank and diverted most of his wealth into landholding. His leisure preference for land outweighed or offset his inclination towards enterprise and labour. The reduction of his income in the 1870s with the onset of the agricultural depression is a classic example of an attempt to enhance status through means which reduced the profitability of a portfolio. Loyd failed to insure against loss in the event of a fall in agricultural rents.<sup>44</sup>

The shrewd investor could extract any 'positional premium' embodied in land and avoid the burden of land as a fixed asset costly to upkeep or transact. One season Harry Panmure Gordon, the company promoter and commodity stockbroker, rented moors adjoining the royal residence at Balmoral. He commented, 'it secured me an invitation to dine with Her Majesty the Queen and that in turn was noticed by the press[.] that

<sup>43</sup> A holding of 2,000 acres worth £2,000 p.a. in gross rental charged at 20 years' purchase would have a market valuation of £40,000. Of course, this provides only a rough guide since it implies that all wealth would be invested in realty. However, Thompson's minimum of £100,000 for the purchase of a country estate ('Life after death', pp. 50-1) is likely to be an overestimate. Note from table 1 that Henry Brand, first Viscount Hampden, left land in acreage and value around four times the Bateman threshold, yet personal estate of just £60,516 and total wealth at 20 years' purchase of £222,936. Divide the latter by four and the minimum for acquiring a Bateman-sized estate would be £55,734.

<sup>44</sup> 'Loyd', in Jeremy and Shaw, eds., *Dictionary of business biography*.

was worth £1,000 in advertisement'.<sup>45</sup> To a large extent, businessmen made their money in commerce, finance, or industry, rather than on the land, and they tended to own smaller holdings. They also had other avenues of gentrification less sensitive to the political charges of financial privilege and landed monopoly. Wealthy districts of London and large provincial cities created a new type of gentrification which cancelled the need to buy a country estate.<sup>46</sup>

If the aristocracy and the business class had anything in common it was more likely to be because aristocrats were involved in business pursuits. Hereditary landowners commonly invested in urban expansion, railways, or mineral exploitation. On his accession to the dukedom of Devonshire in 1858, William Cavendish found that the family estates were encumbered to the value of £750,000, a discovery which sharpened his interests in business matters. He inherited considerable estates in north Lancashire with large reserves of slate, the income from which made possible the diversification of his business interests into railways, steel, and shipbuilding. Through entrepreneurship, Cavendish was able to leave a healthy legacy on his death in 1891.<sup>47</sup>

Land could be enjoyed for residence and status, but estates could only be kept intact if an income was generated in turn. In some instances, this was achieved with considerable success. William Wentworth Fitzwilliam, Irish and English Earl Fitzwilliam, chose to exploit his own coal reserves in south Yorkshire rather than rent them to an independent coalmaster. He employed 1,063 men in his various business interests.<sup>48</sup> George Douglas-Pennant, second Lord Penrhyn, enjoyed hunting, shooting, and fishing, but his wealth derived from the land he used for slate quarrying in north Wales. Profits from his business activity were estimated to be £100,000 per annum in 1898-9.<sup>49</sup>

In the last quarter of the nineteenth century, others turned increasingly to business, either directly or as rentiers, in order to safeguard their incomes. Landowning wealth was eroded and undermined by a fall in rents, prices, and confidence.<sup>50</sup> Henry Bouverie William Brand, first Viscount Hampden, compensated for the fall in agricultural income by expanding his limestone and chalk quarry at Glynde in Sussex.<sup>51</sup> Others joined the boards of companies or moved their assets into equities and government bonds. In 1871 William Cavendish became chairman of the Barrow Shipbuilding Company, holding 26 per cent of the £17,400 stock issued.<sup>52</sup> As shown in figure 1, the market for land was considerably less buoyant from the 1880s than previously. Adverse economic and

<sup>45</sup> MacDermot, *Pannure Gordon & Co.*, p. 18.

<sup>46</sup> Rubinstein, 'Businessmen into landowners', p. 91.

<sup>47</sup> 'Cavendish', in Jeremy and Shaw, eds., *Dictionary of business biography*.

<sup>48</sup> 'Fitzwilliam', in *ibid.*

<sup>49</sup> 'Douglas-Pennant', in *ibid.*

<sup>50</sup> See also, Cannadine, *British aristocracy*, pp. 88-139.

<sup>51</sup> 'Brand', in Jeremy and Shaw, eds., *Dictionary of business biography*.

<sup>52</sup> 'Cavendish', in *ibid.*



political conditions encouraged landowners to restructure their assets more profitably.

At the same time, wealth generated in non-agricultural pursuits was increasing. Between 1880 and 1914, approximately 33 per cent of Britain's millionaires were landowners, compared with around 88 per cent in the period 1809-79.<sup>53</sup> Behind the prestige and authority of the landed aristocracy was a growing group whose members had made their fortunes in business and who could purchase land because they were wealthy. There was, however, neither the incentive nor the willingness for them to do so in this period. The overwhelming majority of businessmen in the sample considered in this article did not acquire large landed estates.

## VI

Businessmen who owned land on a large scale in the late nineteenth century were a small group who retained a slight proportion of their total wealth in landed assets. On average, between 69.5 per cent and 82 per cent of total wealth for businessmen who were large landowners was held in personalty. This reflected the relative importance of personal assets over real estate assets in a wealth portfolio. The shares observed were similar in size to the national distribution of personalty and realty, which means that businessmen did not hold a disproportionately large share of their wealth in the form of real estate.

This is not to deny that land ownership was a symbol of affluence. The owners of large estates accumulated more wealth over their lifetimes than the non-landowners, in addition to sometimes entering high society through the peerage. But this was not a broad avenue of assimilation between old and new wealth. The hereditary aristocracy were an unparalleled group of landowners in terms of the size and value of their estates. They were at the hub of the British landed establishment.

Those who made fortunes in business, on the other hand, did not purchase or inherit land on a large scale. This was despite the fact that their wealth gave them an unprecedented opportunity for land acquisition. An obvious explanation is that land was relatively unremunerative unless rich in minerals or used for urban expansion, while the opportunity cost was government securities which were higher yielding and did not entail a cost of maintenance. Land could also be rented for leisure and status without the fixed cost of ownership, while alternative sources of gentrification offered a substitute for land ownership.

The economic incentive to hold land diminished further with the onset of the depression and the political campaign against landlordism. Land then lost both its social prestige and its political significance, and became increasingly uneconomic in ownership. Unless landed assets were liquidated and their capital value realized, reduced incomes could be offset only by portfolio restructuring. Consequently, many landowners entered

<sup>53</sup> Rubinstein, *Men of property*, pp. 60, 74.

into business either directly or as rentiers in order to preserve their wealth, status, and power as the economic value of land diminished.

Therefore, if there was any integration of landed and industrial wealth it was more because aristocrats became involved in business than because businessmen became landowners. Aristocrats could enjoy their land through residence status and leisure, but they also had to earn an income from it. Some aristocrats, including the seventh Duke of Devonshire, the Irish and English Earl Fitzwilliam, and the second Lord Penrhyn were engaged in business pursuits from the beginning. Others were to join them in the face of falling rents and political retrenchment during the last quarter of the nineteenth century.

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