

ORIGINAL

BUREAU OF MILITARY HISTORY 1913-21
BURO STAIRÉ MILEATA 1913-21
No. **W.S. 1556**

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BUREAU OF MILITARY HISTORY, 1913-21.

STATEMENT BY WITNESS.

DOCUMENT NO. **W.S. 1556**.

Witness

Denis Cogan,
National City Bank,
10, College Green,
Dublin.

Identity.

Official on staff of National Land Bank.
Now Assistant Manager, National City Bank.

Subject.

Activities of the National Land Bank,
1919-1923.

Conditions, if any, Stipulated by Witness.

Nil.

File No **S.2885.**

Form B.S.M. 2

National City Bank, Limited.

TELEGRAMS:
"NATLAND, DUBLIN"

(AFFILIATED WITH THE BANK OF IRELAND).

ΒΑΝΚΗ ΠΑΙΣΙΩΝΤΑ ΗΑ ΚΑΤΑΡΑΚ Τ.Ε.Α.
ΦΑΙΣΤΕ ΑΝ ΚΟΛΑΙΣΤΕ
ΑΤ ΚΛΙΑΤ.

TELEPHONES:
DUBLIN, 75693 (3 LINES)

10, COLLEGE GREEN,

ALL LETTERS TO BE ADDRESSED
TO "THE MANAGER"

Dublin.

15 NOV 1956 19

Comdt. M. F. Ryan,
Bureau of Military History,
Dublin.

Dear Comdt.,

With reference to your call here some time ago I am enclosing herewith a summary (in duplicate) of the activities of the National Land Bank in its early years with particular reference to its lands purchase scheme. The information was obtained from various documents & ledgers here and consequently a lot of the wording is not mine, though I did change some of it.

I hope it will be of some use to you, and if you have any queries I shall do my best to answer them.

Yours sincerely,

J. Hogan; Dennis

ASSISTANT MANAGER

BUREAU OF MILITARY HISTORY 1913-21
BUIO STAIGE MILEATA 1913-21
No. W.S. 1556

NATIONAL CITY BANK LIMITED

10 College Green,
Dublin.

15 Nov. 1956

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Dear Comdt.,

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Yours sincerely,

Sgd. Denis Cogan
Assistant Manager

ORIGINAL

STATEMENT BY MR. DENIS COGAN

National City Bank, 10 College Green, Dublin.NATIONAL LAND BANK, LIMITED.

During the opening months of the year 1919 a group of men met at 38 Upper Leeson Street, Dublin, the private residence of Edward Millington Stephens. This group consisted of Robert Childers Barton, James McNeill, Sir Henry Grattan-Bellew, Bart., Batt O'Connor, Lionel Smith Gordon, Robert Erskine Childers and Laurence Casey, who, together with their host, had met to discuss the cessation of land distribution in Ireland. The land purchase scheme previously in operation had provided that landlords who sold their holdings would be paid in three per cent Guaranteed Land Stock at par. Owing to the increase in interest rates, however, the market value of this Land Stock, as of other gilt-edged securities, had depreciated heavily, with the result that the land distribution scheme had ceased to operate; as, naturally, landlords were reluctant to sell their holdings on the basis of a price payable in depreciated Stock. This development had caused serious agitation amongst the landless, and all political groups in the country were anxious that a solution should be found. In particular Sinn Fein was most concerned at this state of affairs as at that time resistance to British rule was hardening and its leaders were anxious that the movement should remain political and not develop into an agrarian one.

After investigating every possible method of initiating a scheme of land purchase with limited resources the group decided to form a land bank. Accordingly the National Land Bank Limited was established in August 1919 and registered under the Industrial and Provident Societies Act 1893.⁽¹⁾ The first Directors of the Bank were James McNeill, Sir Henry Grattan Bellew, Robert Erskine Childers, Edward Millington Stephens, and Robert Childers Barton. During the year 1920,

Stephens resigned his directorship to become legal adviser to the Bank and Henry Dixon was appointed in his stead. Lionel Smith Gordon, who originally acted as Secretary and Manager of the Bank, was appointed a Director in 1921. To comply with the Act, the promoters each subscribed for one £1 share, but the working capital was provided by the first DAIL EIREANN out of funds acquired from the DAIL loan which had been raised in the United States. A sum of £200,000 was voted for this purpose and to prevent the Authorities from detecting the transaction it was arranged that the amount would be held in the name of a nominee. The DAIL appointed Arthur Cleary, Professor of Real Property at University College Dublin, to act as its nominee and 400,000 shares of £1 each with 10/- per share paid-up were registered in the name of the Natland Co-operative Society Limited which had been specially formed for the purpose and had its Registered Office at his private address.

Immediately the necessary working capital had been obtained, the Directors decided to open a public office. Premises were secured at 68 Lower Leeson Street, Dublin, and the Bank formally opened for business at that address during the closing months of 1919. At the same time the following circular was issued:-

Land

"The National Bank Ltd. is a Co-operative Society registered under the Industrial and Provident Act and governed by a Board of Directors elected by the share holders. Voting power and interest on share capital are strictly limited in accordance with co-operative principles and any profits made will be the property of the members and will be allocated to borrowers and depositors at the discretion of members subject to rules. Its objects are:-

1. To advance money to co-operative societies composed of occupiers of small holdings employing no permanent labour and/or landless men, for the purpose of purchasing estates and either subdividing them or farming them co-operatively. Such Loan will be secured by mortgages and will be repayable within a period of fifty years, with periodical reductions in the instalments.
2. To assist the colonies thus formed by short-time loans for working capital - purchase of stock, equipment, etc.
3. To give technical advice and assistance to the members of such colonies and to build up

- self-supporting rural communities with a high social and technical standard.
4. To issue bonds to the public secured on the mortgages and general assets of the bank.
 5. To take deposits at interest to encourage the growth of savings banks and co-operative credit societies throughout Ireland.
 6. To administer loans to co-operative societies and others for special purposes.
 7. To do a general banking business for Irishmen in Ireland.

By supporting the National Land Bank Ltd., depositing your money with it and buying its bonds you will secure:

The use of Irish money in Ireland.
 The building up of a co-operative commonwealth on the basis of healthy, prosperous, self-supporting rural communities.
 The establishment of a financial centre for the development of Irish industry.

And in general a safe, patriotic, reasoned use of your money by men you trust in the interest of your own country, combined with a good return and first class security for yourself.

All requests for information should be addressed as under and will receive prompt attention.

National Land Bank Limited,
 68 Lower Leeson Street,
 Dublin.

The first obstacle encountered by the Board reflected the political conditions of the period. Although the Bank had been formed for an entirely legal purpose and its constitution had been framed in accordance with the strict letter of the law, nevertheless the British Authorities were extremely suspicious of the project. On numerous occasions, the Bank's premises were raided by the Military and each time all the books and documents which related to the scheme were closely scrutinised. Naturally, this state of affairs was a source of constant irritation and seriously interfered with the smooth working of the Bank, but the Board was prepared to put up with this inconvenience. It was realised, however, that more definite steps might be taken to prevent the scheme from functioning and for this reason it was felt that the Bank's funds should be so invested as to be outside the reach of the British Authorities.

This matter engaged the attention of the Directors for several weeks and it was ultimately decided to distribute these funds and deposit in various English co-operative societies. In coming to this decision the Board was not entirely influenced by political considerations as, in fact, the interest rates paid on co-operative society deposits were higher than the corresponding rates paid by the joint stock banks; but it was recognised that the British Authorities would hesitate to take any action which would antagonise the English co-operative movement and this was regarded by the Directors as a valuable safeguard. The transfer of these funds was carried out on behalf of the Bank by the Irish Co-operative Wholesale Society Limited and the deposits were spread over some twenty co-operative societies situated mainly in the North of England.

Having successfully overcome their first difficulty, the Directors of the Bank applied themselves to the task of formulating the detailed provisions of the land purchasing scheme. For this purpose Smith Gordon travelled to Switzerland and Italy to study similar projects and, on his return, he furnished the Board with a report of the schemes in operation in both these countries. This report, together with a considerable amount of other information which had been collected by the Directors from numerous countries, was discussed by the Board for several weeks, but it was eventually agreed that none of these schemes would be entirely suitable for adoption in Ireland. Instead, it was decided to draft a separate scheme which would recognise the individual circumstances affecting land distribution in Ireland and would thus be more acceptable to the landless. The scheme was based on the co-operative principle. As it would be neither practicable nor desirable for the Bank to engage in the detailed administration of numerous land purchase

projects scattered throughout the country, the scheme provided that each individual estate taken over for distribution would be administered by a local co-operative society specially formed for this purpose. The broad outlines of the plan were explained in the following circular which was issued by the Bank immediately the scheme had been decided upon:

1. The Bank will lend money only to registered co-operative societies which adopt the model rules provided by the Bank subject to any approved modifications.
2. Such societies must consist of at least seven members and a Secretary. Full members - that is those who wish to become owners or lessees of land - must not be habitual employers of paid labour other than that of their own family and dependants.
3. Persons wishing to form such a society and to purchase land with money borrowed from the Bank should acquaint the Bank with the fact that they are prepared to register a Society and indicate the property they wish to buy.
4. The following information should be furnished:
 - (1) Name and Address of present rated occupier.
 - (2) Location of property.
 - (3) Acreage (Irish or statute measure).
 - (4) Poor Law Valuation.
 - (5) If purchased under Land Acts, Receivable Order Number and amount of annuity.
 - (6) Price asked by vendor, or estimated value.
5. The Directors of the National Land Bank will, if they consider the request to warrant such action, cause the land to be valued and will on the basis of such valuation state the amount of money they are prepared to advance for its purchase.
6. The money will be advanced only subject to the following conditions:-
 - (1) That a Society is registered in accordance with Clause 2.
 - (2) That this Society deposits with the Bank by way of security a sum equal to 25% of the amount lent, to be dealt with as stated in Clause 9.
 - (3) That the title deeds are approved by a Solicitor duly appointed by the Bank.
 - (4) That all reasonable costs of organisation, valuation and legal formalities are borne by the Society.
 - (5) That the Society agrees to conform to all reasonable instructions of the National Land Bank until all moneys due to that body are repaid, and not to change its rules, constitution or policy without the written consent of the Directors.
7. On the establishment of such a Society on the land the National Land Bank Ltd. will consider requests for short-time loans for necessary equipment and working expenses.

8. The exact terms of repayment of each loan will be stated in the agreement made between the Bank and the Society. Mortgages will be repayable in a period of forty seven years by prescribed annual instalments including interest and capital.
9. The deposit referred to in Clause 6 (2) will be placed to the credit of the Society in the books of the Bank and will be credited with interest at the rate of not less than 3% and such further amount as the position of the Bank may in the opinion of the Directors from time to time justify. Such interest shall be paid in to the sinking fund of the depositing society and shall go towards redemption of the mortgage. The capital sum deposited shall be set against the outstanding balance of the mortgage and such mortgage shall be finally redeemed by application of this sum.
10. Any payments in arrear may be deducted from the sum deposited if the Directors so decide.
11. Facilities will be given to societies to pay off their indebtedness by larger instalments than those laid down in the agreement.
12. Borrowing societies shall take such shares in the National Land Bank as the Directors may from time to time prescribe. Shares to be of the value of £1. each with interest at the rate of not more than 3% up to 1925 and not more than 6% thereafter and with limited liability. On and after March 31st 1921 each member society shall have the right to one vote in the election of four Directors of the National Land Bank as provided by the rules thereof.

The announcement of the scheme brought numerous enquiries and for several weeks the Bank was inundated with requests for further particulars. The nature and extent of these queries convinced the Directors that it would be premature to commence operations and that the entire project should be re-considered and drafted in greater detail. For almost two months the Board was engaged in this task and at the end of that time the complete scheme, which contained several modifications, was announced. This revised scheme was described in detail in the following circular which was issued during the month of April 1920:

As a result of a large number of enquiries received it has been decided to issue the following detailed statement which it is hoped will explain clearly all difficulties which have occurred to those interested in the work of the National Land Bank. It will be noticed that the period of repayment, originally intended to be 47 years, has been very greatly reduced by readjustment of the terms.

1. Persons to whom loans will be made.

The first object of the Bank is to benefit the landless men and those with uneconomic holdings, so as to increase the self-supporting population of Ireland. Loans are therefore only made to people in one or other of these classes. Also, it is desired to

establish communities of people who will benefit by helping one another and who will be jointly responsible for the carrying out of their obligations to the Bank and to the country. Therefore loans are made not to individuals but to registered co-operative societies.

2. Formation and duties of a co-operative society.

An organiser will be sent by the Bank who will value the land it is proposed to purchase and will undertake the organisation of the necessary society. The following points should be noted:-

- 1. The Society must have at least eight members.
- 2. It must adopt the model rules supplied by the Bank, or an approved modification.
- 3. It must take one share in the Bank for each member. Shares are of the value of £1 each, payable in instalments as directed.

The Society will be registered with Limited Liability under the Industrial & Provident Societies Act and will be responsible to the National Land Bank for the payment of the annuities and all other charges due to the Bank. It will take possession of the land in its corporate capacity and give the Bank a mortgage on the whole of it. Thus all the members will be responsible for the failure of any individual and they should be particularly careful as to the character of those they admit.

Apart from these provisions each Society is absolutely self-governing. It can admit new members at any time and can extend its activities to take in any form of trading. It can make its own arrangements as to the amount of its capital, elect its own committee and do everything that an ordinary society does.

The National Land Bank reserves the right to carry out the distribution of the land if necessary, but will not interfere with any arrangement which is agreeable to all the purchasers.

3. Necessary conditions of a loan.

- 1. The Bank must be given several weeks in which to investigate the land, meet the applicants, form the Society, etc. No application made a few days before an auction will be considered.
- 2. The Bank will not lend money in cases where land has already been purchased before the application is made, or where it is purchased during the negotiations, without sanction.
- 3. The Bank will refuse a loan in any case where too high a price in the opinion of its valuer is being paid, even if the local people find the difference.
- 4. Applicants must be genuinely anxious to settle on the land and to carry out the spirit as well as the letter of the Bank's rules, as set out in Section 1.

4. The method of repayment.

If the purchase price sanctioned by the Bank is £1,000 the terms of repayment are as follows:

1. The purchasers must deposit £250 in the first instance with the Bank.
2. They must pay the following annuities, namely:

| | | | |
|---------------------------|------------|-----------------|--|
| For the first seven years | £70 a year | £490 | |
| " ten years thereafter | £60 " " | £600 | |
| " thirteen years | £50 " " | £650 | |
| In the thirty-first year | £34.10. | 34. 10. 0. | |
| | | £1,774. 10. 0. | |
| | | 250. - . - . | |
| | | £2,024. 10. - . | |

At the end of the thirty-first year the purchasers will have paid the Bank 6% interest on the capital outstanding and they will also have paid off £570 of the capital. The £250 originally deposited will meet the remainder of the capital debt, so that at the end of thirty-one years, the purchasers will be absolute owners of the land, without any rent or charge. They will have paid back in this time £1,000 capital and £1,025 in interest.

If an ordinary Bank gave them a loan at 6% (the prevailing rate is $6\frac{1}{2}\%$) of £750 on property for which they paid £1,000 they would pay in 30 years the following amount:-

| | |
|--------------------------------|-----------------|
| £250 to vendor at time of sale | |
| £45 a year for 30 years | - £1,350 |
| Capital to be repaid | - <u>750</u> |
| Total | : <u>£2,350</u> |

They are therefore paying £325 less to the National Land Bank than they would to another Bank, and they have in addition the following advantages:-

1. So long as the annuities are paid the loan cannot be recalled by the Land Bank, while on the other hand the purchasers can pay it off at any time if they find it convenient to do so. An ordinary Bank will only make a loan for short term of years, or will reserve the right to call for payment or raise the rate of interest at any time.
2. If the Land Bank makes profits these profits will be the property of the borrowers and will be applied to raise the rate of interest on their deposits and thus to pay off the loan in a shorter period.
3. The Land Bank will have a staff of experienced men whose advice and assistance will always be at the service of borrowing societies.

The following table may be useful as showing the amount of rent per acre which would be equal to the annuity charged by the Bank. It must be remembered that this rent includes repayment of the sum borrowed,

as well as interest :

| | <u>£30</u> | <u>£40</u> | <u>£50</u> | <u>£60</u> |
|-----------------------|------------|------------|------------|------------|
| Rent 1st - 7th year : | £2. 2. -- | 2.16. -- | 3.10.-- | 4. 4. -- |
| " 7th - 17th " | : 1.16. -- | 2. 8. -- | 3. --. | 3.12. -- |
| " 17th - 30th " | : 1.10. -- | 2. --. | 2.10.-- | 3. --. |

The criticism has been made that these rents are much higher than those charged by the Land Commission. Those who say this overlook two facts - first that the period of repayment under the Land Commission is 63 years while the Land Bank scheme makes the purchaser's owners in less than half that time; and secondly that when the Land Acts were put into operation money could be borrowed for 2½%. The Land Commission has had practically to give up its work because of this and it is that very fact which makes the National Land Bank so necessary. At present Land Commission land is bought and sold as freely as if it were held in fee simple and at practically as high a price.

At the same time the Directors of the Land Bank realise that the present price of land is too high and that annuities based upon it may prove very burdensome in a few years time. For this reason they have provided for the payment of higher annuities at first, with a gradual reduction. For the same reason they will carry out a most careful and conservative valuation of land offered and will not encourage people to buy at war prices.

After these detailed regulations were issued the scheme was speedily put into operation. The first property taken over for distribution was the Lewen Estate situated in County Meath, which was purchased for £10,000 during the summer months of 1920. From that time until the Irish Free State was established in December 1922, the Bank continued to operate the arrangement and during that period some fifty properties were acquired for division for which an aggregate amount of £365,065.19.9. was advanced by the Bank.⁽²⁾ Approximately seventy-five co-operative Farming Societies were registered, but of these only forty-two ever functioned actively. After the new State had been established one of the first decisions taken by the DAIL was to

(2) Dail Eireann. Parliamentary Debates. Vol. IX. Col. 574

adopt the land purchase scheme which had been approved by the Irish Convention of 1917. For this purpose a comprehensive Bill was introduced which finally reached the Statute Book on 8th August 1923.⁽³⁾ This Act established an entirely new system of land division and also provided that the Bank's land purchase scheme would be taken over by the Irish Land Commission. The transfer was effected within a few months. To relieve the Bank of its responsibilities the Irish Land Commission refunded the aggregate amount due from the local societies and this transaction terminated the scheme in the Bank's records. Subsequently, all the local co-operative societies were wound up and the tenants were thus placed in direct relation with the Land Commission and enjoyed the same statutory rights and privileges as the tenants of land divided under previous and subsequent schemes. Thus the land purchase scheme for which the National Land Bank was formed came to an end after a short career of less than three years. It was, of course, merely a temporary expedient designed to meet a special difficulty of a particular period. Land hunger in Ireland is a deep-rooted national characteristic. On many occasions, the British Government tried to grapple with the problem, and for almost seventy years previously, numerous land purchase Acts had been placed on the Statute Book, but these official schemes merely touched the fringe of the problem, in spite of the fact that the aggregate amount of funds involved exceeded several millions. Nevertheless the Bank was entirely successful in accomplishing the purpose which it set out to achieve. At the time, the total cessation of land division in Ireland would have caused serious unrest and it seems probable that this state of affairs would have ultimately developed into lawlessness. The announcement of the Bank's scheme, however, prevented this development and undoubtedly this small and totally inadequate land division project stayed the hand of violence and saved the country from an agrarian revolt.

(3) No. 42 of 1923.

During the existence of the National Land Bank about seventy-five Co-operative Farming Societies were registered, but, in the case of more than thirty of these Societies, for one reason or another the land purchases were never completed.

The following is a list of the Co-operative Farming Societies which were in active operation at the time of their transfer to the Land Commission under the Land Act of 1923:

| | | |
|------------------------|--------|-------------------------------------|
| An Uaimh | C.F.S. | Navan, Co. Meath |
| Aglorah | " | Aglorah, Ballyhaunis |
| Bailenclair | " | Claregalway, Co. Galway |
| Ballyfa | " | New Inn, Ballinasloe |
| Banagher | " | Milltown, Tuam |
| Beul-an-Atha | " | Broadford, Co. Limerick |
| Ballycluan | " | Woodlawn, Co. Galway |
| Ballyboughal | " | Ballyboughal, Co. Dublin |
| Brackna | " | Brackna, Rathangan, Co. Kildare. |
| Ballapousta | " | Ardee, Co. Louth. |
| Borrismore | " | Johnstown, Co. Kilkenny |
| Burton Estate | " | Clonbullogue, Co. Kildare |
| Cappatagle | " | Kilconnell, Co. Galway |
| Ceathramhadh Ard | " | Carroward, Drumcollogher |
| Cloghna | " | Tenryland, Carlow |
| Clonakenny | " | Clonakenny, Roscrea |
| Corderry | " | Drumkeerin, Co. Leitrim |
| Crotta | " | Lixnaw, Co. Kerry |
| Curraghboy | " | Curraghboy, Co. Roscommon |
| Coolbawn | " | Coon, Muine Bheag |
| Cloneygowan, | " | Cloneygowan, Portarlinton |
| Clifden | " | Clifden, Co. Galway |
| Dunfeirth | " | Kilshanroe, Enfield, Co. Meath |
| EGLISH & Drumcullen | " | EGLISH, Birr |
| Ferbane | " | Ferbane, Offaly |
| Gortussa | " | Gortussa, Dundrum, Co. Tipperary |

| | | |
|-----------------------------|--------|---------------------------------------|
| Keary | C.F.S. | Kildimo, Limerick |
| Kilcleagh (Four Estates) | " | Moate, Co. Westmeath |
| Kilcumney | " | Goresbridge, Co. Kilkenny |
| Kilmaine | " | Kilmaine, Ballinrobe |
| Kilmeen & Leitrim | " | Kilmeen, Loughrea |
| Kilshrennan | " | Carrick-on-Shannon |
| Knocknahur | " | Knocknahur, Co. Sligo |
| Killursa | " | Headford, Co. Galway |
| Kilmore | " | Kilmore (nr.Drumsna) Co. Roscommon |
| Mayo Parks | " | Mayo Abbey, Ballyglass, Co. Mayo |
| Munibeg | " | Nurney, Muine Bheag |
| Neale | " | Neale, Co. Mayo |
| Ongenstown | " | Bohermeen, Navan |
| Rathvillá | " | Esker, Mount Lucas, Offaly |
| Straffan | " | Straffan, Co. Kildare |
| Sinroin | " | Shinrone, Offaly |

Signed: _____

J. Hogan

Date: 26th Nov. 1956.

Witness: _____

Mr Ryan Condit

