

# Toward an Economic Phenomenology of Land Value: Social Framing of Community Landownership in the Scottish Highlands and Islands

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## Behavioural Economics and Social Framing

“Framing is controlled by the manner in which the choice problem is presented as well as by norms, habits, and expectancies of the decision maker.”

(Tversky & Kahneman 1986: S257)

Ostrom. 'Collective Action and the Evolution of Social Norms' (JEP, 2000); cf. Ostrom (1990) *Governing the Commons* (CUP, 1990)

Henrich et al. 'In Search of Homo Economicus: Behavioral Experiments in 15 Small-Scale Societies' (AER, 2001)

Carpenter et al. 'Comparing Students to Workers: The Effects of Social Framing on Behavior in Distribution Games' (*Field Experiments in Economics*, 2005)

Bacharach. *Beyond Individual Choice: Teams and Frames in Game Theory* (Princeton, 2006)

Aoki. *Toward a Comparative Institutional Analysis* (MIT, 2001)

## Social framing in dilemma games

### Hi-Lo Paradox

- ◆ Payoff dominance (Harsanyi and Selten)
- ◆ Mode-P reasoning (Bacharach)
- ◆ etc.

	A	B
A	5,5	0,0
B	0,0	1,1

Reasoning in mode P: Choose act  $x$  such that act profile  $(x, y)$  maximises payoffs

- We-frame: 'What should we do?'
- Ostrom's 'conditional cooperators'

## Essential v. Inessential Social Framing

(Klaes 2008, 'Reframing Social Framing')

vertical ↑	essential?	Soc frame as constraint	Phenomenological: Rational = meaningful
	inessential	Standard model: meaningful = rational	Soc frame as institutional equil.
		inessential	essential?
		horizontal →	

## Case Study: Scottish Land Reforms

- ▶ 1999: devolved Scottish Parliament (following 1997 referendum)
- ▶ Land reform a priority:
  - ▶ Abolition of Feudal Tenure etc. (Scotland) Act 2000
  - ▶ Land Reform (Scotland) Act 2003
    - ▶ Community Right to Buy (first refusal when land put on market)
    - ▶ Crofting Community Right to Buy (force sale)
  - ▶ Land Reform (Scotland) Act 2016
    - ▶ new Scottish Land Commission
    - ▶ Force sale of neglected land or 'to further sustainable development' (also urban!)

## Landownership in Scotland

- ▶ Land area: 80,000 km<sup>2</sup>
  - ▶ Publicly owned: 9140 km<sup>2</sup> (11%)
  - ▶ Private ownership highly concentrated: 50% owned by <500 owners
  - ▶ Beneficial ownership can be difficult to trace ('offshore legal entities')
- ▶ Origins of concentration of ownership:
  - ▶ Feudal tenure until 28 Nov 2004
  - ▶ Law of succession: primogeniture until 1964
  - ▶ Feudal superiority historically tied to voting rights
- ▶ Legacy of 18/19<sup>th</sup> century Highland clearances
  - ▶ Shift from farming to sheep grazing, eviction of tenant farmers

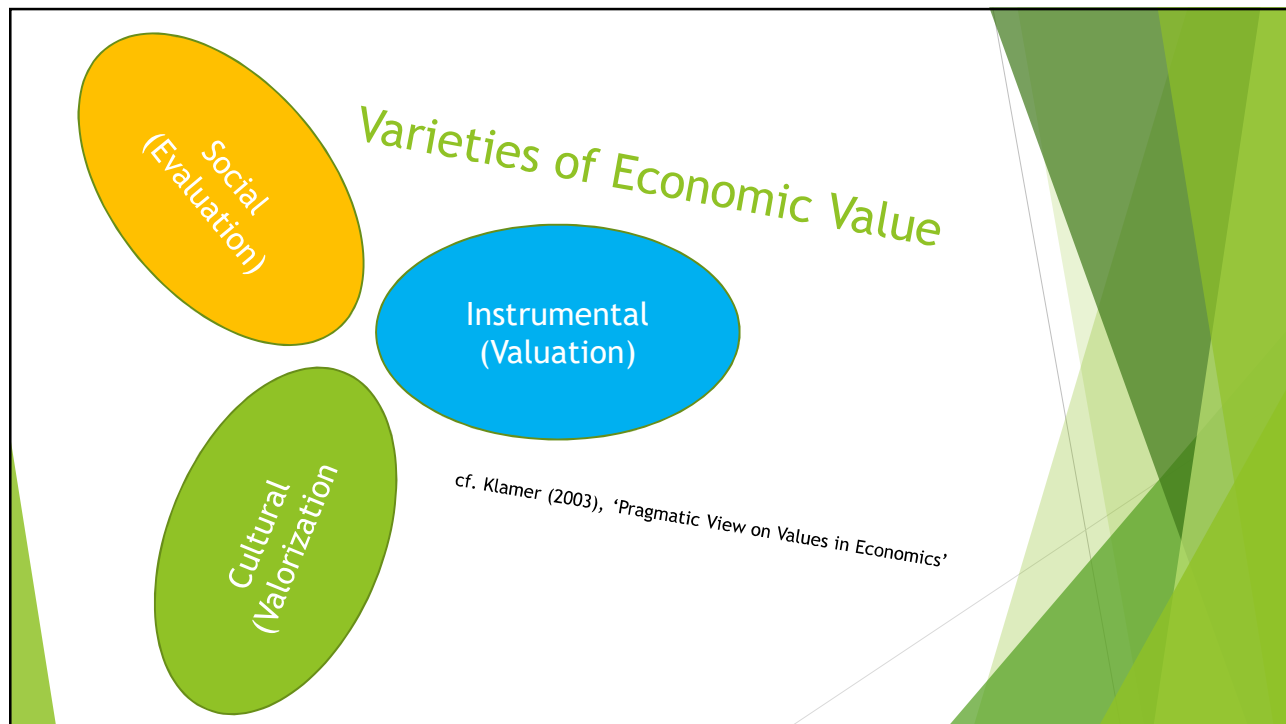
## Emerging Policy Perspectives on Land Value

- ▶ Market-replicating reforms
  - ▶ Community buy-outs are private (charitable limited companies)
  - ▶ Governance: economic sustainability broadly conceived
- ▶ Coase's 'imaginative reconstruction' in a context of broadened economic value judgment
  - ▶ Emphasis on democratic principle, community empowerment
  - ▶ Social framing of the value of land

## Fieldwork

- ▶ April - June 2016, qualitative design based on semi-structured interviews & focus groups, diverse coverage (regions, type of community buy-out, maturity etc)
- ▶ 3 moderated roundtables (12 community trusts, 7.5h transcribed)
  - Stornoway (for Western Isles, 21 April)
  - Oban (for Argyll & Bute, 16 May)
  - Inverness (for Highlands region, 7 June)
- ▶ 5 in-depth interviews with trust executives (8h transcribed)
- ▶ Supplementary: Additional interviews (telephone, field notes)





## Examples: 'Win-Win' Constellations\*

One of the things that we're becoming increasingly aware of is - and [care for the elderly](#) is an illustration of that - is going forward actually where you have a structure like this established within the community you can begin to have conversations with local authority, health board and in this particular case of course we're looking at the new elderly care strategy moving forward. So this ties in, absolutely perfectly. And of course you are talking about care but you are also talking about [job creation](#) potential too.

\*All examples drawn from the anonymised qualitative dataset generated for the SUII 'Rewriting the Rulebook' Project.

## Economic Value and Tangibility

There's some things you can quantify, in the school role or the population or the number of jobs created or retained or whatever, but some of it is.....you can't quantify and that is a difficulty, isn't it?!

## Management for Growth

If you come out with a positive figure and say it confidently enough it sounds good and nobody questions you and the question we should be asking ourselves - it's almost like the capacity of your land, estate, what should that be doing? We can just say we're not going to bother doing anything, we're just going to tick over, as long as we break even we're quite happy as opposed to saying, 'well actually, should you be doing more?' You could say actually that's the purpose of community ownership is to determine whether or not you should be doing more but it doesn't mean to say that the questions shouldn't be asked

## Sustainability

You go into the glens and look at what was there and you look at what's left and you think 'why did this happen?' And it's got to the stage now that it's not isolated hamlets and isolated 4 or 5 houses that are estate houses, we're now at the stage where substantial villages like ours are in danger of losing their facilities ...

## Long-term Perspectives

Each community, as a community has its own individual persona, its own geographical set-up, its own industrial heritage, its own...and to me that's what we should be nurturing and striving to maintain. (1)

The Scottish Government has been very helpful to us, we've also had grant money and the community does its best but revenue is the big thing I keep hitting the community with: we must have revenue sources. No revenue source, nothing happens. (2)

A real sustainability lesson, you have an asset that you get, you get a grant sitting there with the money asset, you go out and you borrow half a million pounds, you are going to have to service that debt for the next 25 years. (3)



# Outlook

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