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**Urban capital and agrarian reforms: rural credit markets in 19<sup>th</sup> ct. Westphalia.<sup>1</sup>**

Rural credit markets aroused suspicion of many worried observers in 19<sup>th</sup> century Germany. Contemporary debates lamented the lack of credit at the countryside. However, quite often it remained unclear what exactly these people considered to be missing. On the one hand, the absence of available money for peasant credit demand was seen as a problem, on the other hand prussian reformers complained about a surplus of cash that led to excessive debts of inexperienced peasants (Blömer, 1990: 28). On the side of the credit givers, peasants' dependence on strangers, often jewish traders, was complained about. These creditors have always been suspected to take advantage of peasants' needs, and to exploit their lack of experience by taking extortion interest rates (Blömer, 1990: 2-43; Blessing, 1997: 879).

On the side of debtors, indebtedness usually has been interpreted as caused by accident, not as a regular means of operational investment. Wrecking caused by war was often referred to, bad harvests, but also good harvests (because they caused price collapses), strangers penetrating the land market and driving up the prices for farms etc. (Blessing, 1997). For Northwest-Germany, inheritance compensations for children often have been made responsible for heavy indebtedness in 18<sup>th</sup> and 19<sup>th</sup> century Westphalia (Henning, 1964: 23-25; Henning, 1976: 306). In this region, where impartible inheritance was customary, siblings of the farm successor were compensated by payments of cash or in kind. Yet until now studies approaching this field from a micro-study perspective hardly exist.

This article aims to give first results from a project examining social networks and fortune strategies at the westphalian countryside.<sup>2</sup> Flows of resources directed by personal relationships and credit as a means of wealth management are in the centre of our interest. In this project group databases are build up that collect data on the landed property, credit, transfer within families, inventories, etc. These information are connected by nominal, non-automatic record linkage, and they are linked to family reconstitutions. Here the data on hypothek entries in the land title registers of two westphalian parishes will be compared. On this basis an attempt is made to come closer to answers on three questions. The first one is to what purpose peasants in 19<sup>th</sup> century Westphalia raised mortgages on their landed property. Although in the land title registers notes on reasons for lending money are very scarce, the increasing number of credits at certain periods of time indicate a strong impact of agrarian reforms. Another subject is the origin of the money peasants borrowed. The sources of credit have to be placed within the triangle of social proximity to kin or neighbours, the exploitation of peasants' unfortunate situations by profiteers, and the development of financial markets. The last question is about

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<sup>2</sup> The project 'Social Relationships and Resources in Rural Society: Social Networks in Westphalia in 19<sup>th</sup> century' is funded by the German Research Foundation (DFG), head of the project is Ulrich Pfister (Münster).

relationships of the local rural society to the ‚world outside‘. It will be shown that manifold relations to urban places and access to supra-regional markets could have had an considerable influence on social and economic relationships within parishes.

## Methods and sources

This article is based on data about persons and landed property. The existence of family reconstitutions was a precondition for the choice of the parishes examined (Clarenbach, 1938; Schlien, 2001). The other main group of sources goes back to the attempts of the Prussian administration to get a grip on landed property in order to levy taxes. Between 1822 and 1835 land registers (Kataster) have been drawn up. In the early 1830s complete compilations of all plots of land for each taxation unit have been produced. They contain exact information on the size and the taxation value of each parcel (Kopsidis, 1996: 148-155; Müller-Wille, 1940). This compilations have been renewed in 1861-1865, with improved taxation values.<sup>3</sup>

The most important sources for this study are land title registers. They were opened in the 1810s and contain information on property rights, manorial rights and encumbrances.<sup>4</sup> Since the prussian state was keen to record seize and value of plots of land properly in order to levy taxes, these information are complete in the sense that they cover whole taxation units (in our cases roughly equivalent with parishes). However, they are not complete for the whole period under research. Since these public registrations have not been compulsory, the land title registers have been filled up gradually. Not all existing farms were registered immediately. It was up to the landowners to go to the court and led their property registered. Frequently property transfers as handing over of the peasant farm were reasons to cause entries. For this reason several estates have been registered many years later. Additional sources are inventories and some discharge contracts that are available only for one parish at the present state of the data collection.

All these data have been collected in relational databases through nominal, non-automatic record linkage.<sup>5</sup> For Borgeln 1455 transactions of property rights, 1662 data records on manorial rights and mortgages, 58 inventories, and 11.160 persons are involved.<sup>6</sup> More than 10.400 persons are from the family reconstitution, nearly 700 have been added from other sources. The Löhne database contains 1918 transactions of property rights, 1203 data records on manorial rights and mortgages, and 8753 persons, of whom 8228 are also in the family reconstitution. This is the state of the data collection at the moment, but the databases are still

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3 Staatsarchiv Münster, Katasterbücher Arnsberg Nr. 84, 90, 92, 6022, 6023; Katasteramt Herford, Güterverzeichnisse and Güterauszüge.

4 Staatsarchiv Münster, Grafschaft Mark, Großgericht Soest, Nr. 20,1: Hypothekenbücher der Soester Börde: Borgeln; Staatsarchiv Detmold, Außenstelle Alverdissen, Hypothekenbücher Löhne-Beck 1(Nr. 212) und Löhne-Königlich 1 – 4 (Nr. 213-215, Nr. 2863).

5 Datenbank Familie, Bodenmarkt, Kredit und Besitz in Borgeln, (Bearb. I. Großkraumbach, Program. M. Küpker, unter Mitarbeit von C. Fertig, M. Schall, L. Kreutzer, V. Lünemann); Datenbank Familie, Bodenmarkt, Kredit und Besitz in Löhne, (Bearb. C. Fertig, Program. M. Küpker, unter Mitarbeit von A. Berger, S. Dopheide, G. Fertig, G. Korte, V. Lünemann).

6 The parish of Borgeln contains five settlements. In order to restrict the expenditure to a reasonable limit, the village of Berwicke has been left out of the area under research. With regard to the number of inhabitants, about 30% of the parish is not within the research area.

extended in order to study different problems on these westphalian parishes in different project components.

This article is foremost concerned with hypothecation entries. These entries were registered in order to secure loans, not to record the clauses of the credit transactions they are based upon. Therefore only specific informations were transferred from the underlying credit contracts into hypothekation entries, especially reasons of indebtedness were hardly mentioned. Normally these entries include three dates: date of contract, time of registration and time of cancellation. Missing are any details about repayment of credits. The date of deletion marks only the latest possible time of repayment, loans could have been paid back long before. Between the dates of registration and cancellation several acts can have taken place: One possibility is that a creditor sold his bond to a third person without modifying the hypothekation entry. On the other hand it can have been the debtor who passed on a hypothekation bond. There have not been compelling reasons to delete hypothecation entries immediately. When a loan was paid back, the mortgage bond became the property of the farm owner. As some additional entries reveal, these registrations sometimes have been mortgaged again. This proceeding was quite reasonable, since every act of recording caused costs. There are hints for these occurrences at different places in the land title registers, but they were not recorded systematically. Deletion of entries quite frequently occurred on the occasion of property transfers of farms to succeeding children. At these occasions peasants often made a clean sweep of their financial circumstances in order to regulate the distribution of their fortune to their offspring (Fertig, 2003). Since it is unknown when debts are paid back, it is not possible to determine the total amount of debts at different points of time. It is in particular not possible to distinguish between cumulated debts and debt funding. For this reason all statements based on these entries will be restricted to raising of credit. At this state of research it is hardly possible to analyse indebtedness of individual households developing in the course of time. So we will focus on the demand for credit at different periods, on creditors as money-suppliers, and on credit relationships both within the countryside and with urban places.

The two places under research are located within different regions of the prussian province Westphalia. In the East-Westphalian county Minden-Ravensberg it is Löhne, a parish with about 1.200 inhabitants in 19<sup>th</sup> century. Compared with other westphalian regions, agrarian conditions here were rather poor. In the 1820s more than half of the households made their living for the main part by proto-industrial yarn-spinning. Since farming activities needed mainly seasonal work capacity, the north-western German 'Heuerling system' was common in this parish. A 'Heuerling' can be described as day labourer who had a certain relationship to a peasant. He was a tenant with a very small plot of land at best, living nearby his peasant's farm and paying for accommodation with the obligation to work at demand. Because these people had no property rights in their possessions, they were not able to mortgage credit. Since the prussian sources on the countryside mostly were connected to landed property, these people left just very scarce traces and can not be taken into consideration in this study.

Borgeln however, located in the agricultural favoured 'Hellweg' region, was quite rich. There existed a labour market for servants and day labourers, about 20 to 30% of inhabitants

worked as servants at peasant farms. Between 1818 and 1867 the number of inhabitants rose from about 850 to slightly more than 1000. Contemporary visitors grumbled that peasants and servants had an inappropriate standard of living in this region. They complained about farmgirls who brought their illegitimate children and peasant who kept expensive horses.<sup>7</sup> In addition there were many day-labourers in the parish, part of them owning houses with small plots of land. It is likely that a part of these agricultural labourers came from Soest, the town nearby. Sources from late 18<sup>th</sup> century reveal as well a remarkable low number of young people of lower stratum in town as a relatively high number of day labourers living in town (Jarren/Wex, 2002).

Regarding to their economic development these parishes differed plainly in 19<sup>th</sup> century. Borgeln was placed in a region that is generally known as ‚granary of the Ruhr area‘. This region is marked by extremely fertile soil and very good traffic connections to adjacent areas. Its original sales area had been the mountainous, agricultural disadvantaged Sauerland, where iron manufacturing business had been of some importance. Increasing demand in the rapidly developing industrial Ruhr area made it more and more attractive to produce cash crops in 19<sup>th</sup> century. The participation in supra-regional markets led to strong increases in value (Wertschöpfung) in this part of Westphalia. Since this agrarian growth has not been promoted by the agrarian reforms in early 19<sup>th</sup> century, but by the availability of supra-regional markets on one hand and scope in improving the productivity of soil on the other hand, this development was extraordinary on a westphalian scale (Kopsidis, 1995; Kopsidis, 1996).

In Löhne economic conditions have not been so favourable. Although the level of cultivation techniques was fairly progressive in the 1820s, there was not so much scope for economic development in the following decades. Assessments to tax in the 1860s point at a low economic productivity of this place. There were hardly improvements to produce more cash crops in the course of time. There was almost no change in the number of cattle within this period, for example, and therefore no market-oriented production of livestock (Fertig, 2001: 17). Most important was the lack of a demanding market in reachable proximity. The exact increase in value (Wertschöpfung) is unknown due to a lack of sources (Kopsidis, 1995; Kopsidis, 1996). However, comparison with similar structured areas indicate that the growth of yields has been relatively low. While it was highest in Borgeln, Löhne showed an agrarian output growth below westphalian average (Fertig, 2001: 14-21).

## **Credit markets, agrarian reforms, and the Rentenbank**

During the first and second decade of 19<sup>th</sup> century the Prussian land title registers were not yet opened. In Borgeln the first hypothecary entries were made in 1818, in Löhne there were only a few credit entries before 1820. Before the opening of these land title registers, poor property rights of westphalian peasants usually did not allow for registration of hypotheks. In most cases, a consent from the lords of the manor would have been necessary (Henning, 1976: 301). For this reason credits in this first period must be regarded as personal credits which were

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<sup>7</sup> Staatsarchiv Münster, Katasterbücher Arnsberg Nr. 92.

only infrequently registered afterwards. As tables 1 and 2 show, only few loans from this period actually were registered.

Unfortunately sources involving personal credit are scarce and allow only for spotlight insights in indebtedness. In Westphalia inventories were recorded in case of parental death without disposing by will and only if parents died before the farm had been handed over. Since inter-vivos transfers were the most common way of intergenerational handing over of resources, inventories arose only by accident. They served the children's interests to be compensated properly, as a rule as soon as the surviving parent wanted to remarry. For the parish of Borgeln only 24 inventories involving debts can be found for the period 1810-1881. Inventories from the early century show that the amounts of debts sometimes were higher than the values of immovables. This tendency has already been found for westphalian peasant farms in the second half of 18<sup>th</sup> century (Henning, 1964: 18). In Henning's research area the ratio of values of immovables and debts could reach even more than 400 percent. In the case of Borgeln, inventories from later periods show an decreasing ratio between debts and property. The amount of debts rarely exceeded 70 percent of the value of buildings and real estates. This could point towards an increasing linkage of creditworthiness to the value of real estate possessed.

Apart from the total amount of credit, which was quite different at the two rural credit markets, there was remarkable resemblance. The local credit market in Borgeln showed a size twice as high as the market in Löhne. It was more than 220.000 Rthl. for Borgeln against about 104.000 Rthl. for Löhne. The last column shows the distribution of loans over different periods. In both parishes only few credits that had been raised before the opening of the land title registers were registered afterwards. As soon as it became possible to mortgage credit, land holders seized this opportunity to get hold of credit. From this moment on the credit market worked on a level which did not change until the middle of the century.

Table 1: Yearly amount of credit in Löhne

debtors <sup>1</sup>	houses		small farms		middle-sized farms		large farms		total	
	Rthl.	%	Rthl.	%	Rthl.	%	Rthl.	%	Rthl.	%
1794-1819	740	3.8	383	1.3	2,512	8.0			3,635	3.5
1820-1829	861	4.4	3,061	10.4	5,557	17.6	2,595	11.1	12,074	11.6
1830-1839	518	2.6	2,949	10.0	6,964	22.1	1,800	7.7	12,231	11.7
1840-1849	6,310	32.1	10,424	35.4	8,179	25.9	16,504	70.4	41,417	39.8
1850-1859	8,670	44.1	3,470	11.8	4,582	14.5	2,558	10.9	19,280	18.5
1860-1866	2,558	13.0	9,150	31.1	3,780	12.0			15,488	14.9
total	19,657	100.0	29,437	100.0	31,574	100.0	23,457	100.0	104,125	100.0

<sup>1</sup> The classification of peasant farms is based on their tax net yields. This measurement combines data on the size of the holding with the taxation value of each parcel. It reflects the economic power of a peasant farm much better than only the size.

<sup>2</sup> Basis is the date of borrowing, not the date of the entry. Only when the date of contract was missing, the year of recording has been taken as approximate time of contracting.

In *Löhne* the 1840s faced a sharp increase in the amount of yearly credit raising. A closer look at individual years reveal that in each parish the demand for credit rose substantially

when the withdrawal of manorial rights started. Between 1843 and 1847, several farms were liberated from manorial rights. The land title register for the farm Löhnebeck 2, for instance, contains an entry about the obligation to pay 1.850 Rthl. to the manorial estate ‚Gut Beck‘ because of a discharge contract. It is not possible to guess the height of payments to former lords of the manor for this period in general, since it was not usual to register them. However there is clear evidence that the ending of manorship in Löhne took place in two waves: In the middle of the 1840s and the 1850s. In 1853/54 several farms got under an obligation to pay annuities to the Rentenbank in Münster. These peasants chose not to pay the redemption sum at once, they preferred payments by debt service.

***The Rentenbank: withdrawal of manorship and institutional sponsors***

In May 1850 debates about ways of pressing forward with peasants‘ liberation of manorship led to the establishment of specialised banks in the Prussian provinces. At the same time conditions of redemption have been facilitated for owners of burdened land. The amount of redemption payments was determined by adapting a new conversion factor; peasants had to pay the 18-fold of their former yearly obligations instead of the 25-fold. Nonetheless these sums could exceed peasants‘ ability to pay.

Both peasants and lords were entitled to make application for the redemption proceedings. Due to the support of the new banks both parties gained some scope to handle this situation. After a lord initiated redemption, the peasant could still choose not to pay the total sum at once. For Westphalian peasants it was possible to call in the Rentenbank in Münster. If a peasant rejected to pay at once, he could pay debt service to the Rentenbank. The lord received fixed interest securities from the bank, yielding interest of 4 % and paid off by lot twice a year. But even if peasants agreed to pay principals, the lords also sometimes chose to transact payments integrating the Rentenbank. The reduction of redemption payments by law of course met with resistance of lords of the manor. A compromise was found in inserting the bank and the Prussian state. After the peasant paid the principal to the bank, it was loaned to the state on payment of 4,5 % interest. The lord received the same fixed interest securities mentioned above. What was so special about these bonds was that they figured out at a higher sum total. Although peasants still paid the 18-fold of their former yearly obligation, their lords could obtain the 20-fold by calling in the Rentenbank.

Table 2: Yearly amount of borrowing in Borgeln

debtor <sup>1</sup>	houses		small farms		middle-sized farms		large farms		total	
	Rthl.	%	Rthl.	%	Rthl.	%	Rthl.	%	Rthl.	%
1767-1819	1,598	3.4	1,205	1.5	1,137	1.5	2,930	15.0	6,870	3.1
1820-1829	5,581	11.7	4,936	6.3	14,085	18.6	1,558	8.0	26,160	11.8
1830-1839	5,476	11.5	7,238	9.3	5,559	7.4	3,938	20.2	22,211	10.1
1840-1849	11,089	23.3	16,169	20.7	2,270	3.0	1,000	5.1	30,528	13.8

1850-1859	13,302	27.9	33,658	43.0	35,685	47.2	8,000	41.0	90,645	41.0
1860-1869	10,625	22.3	15,026	19.2	16,812	22.3	2,100	10.8	44,563	20.2
total	47,671	100.0	78,232	100.0	75,548	100.0	19,526	100.0	220,977	100.0

<sup>1</sup> The classification of peasant farms is based on their tax net yields. This measurement combines data on the size of the holding with the taxation value of each parcel. It reflects the economic power of a peasant farm much better than only the size.

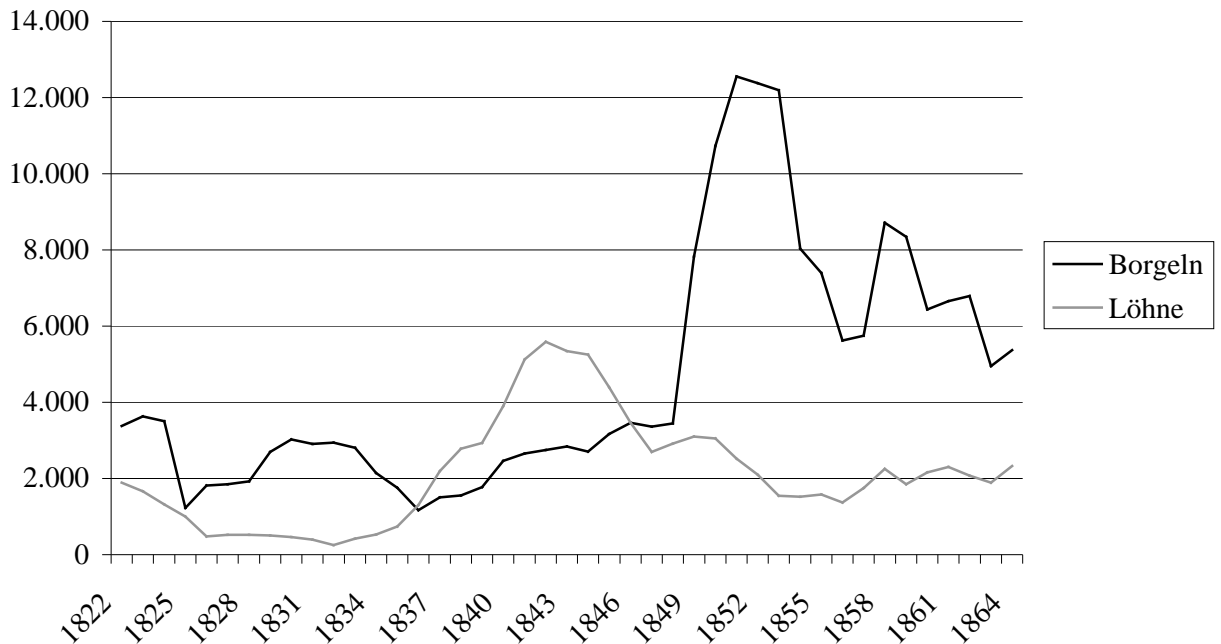
<sup>2</sup> Basis is the date of borrowing, not the date of the entry. Only when the date of contract was missing, the year of recording has been taken as approximate time of contracting.

In *Borgeln* just a few discharge contracts seem to be made before 1850. Only after the new laws on the ending of manorship and on the new Rentenbank had been passed in 1850, manorial rights have been paid off here. In the following years many manorial rights have been abolished. Farm records kept at the local courts contain besides many other documents also discharge records. Although it is probable that these records are no complete collections of farm contracts, they reveal a considerable need for money for this decade. The files contain many discharge contracts dating back to the years 1850 to 1857. Most peasants in *Borgeln* preferred to pay the redemption sums at once, either directly to their former lords of the manor or by using the Rentenbank as an intermediate. According to the land title registers only four peasants farms paid debt service to the Rentenbank.

Although there was a close connection between redemption of manorship in the middle of 19<sup>th</sup> century and increased raising of credit, the causality of this phenomenon is not clear. It is conceivable that peasants raised credit in order to pay off their manorial obligations. Possibly these credits have not raised to pay redemption payments, but for other purposes, however due to a lack of cash after these payments had been made. Yet it is also possible that peasants did not raise credits because they were indigent and forced to borrow money, but rather because their ability to do so rose remarkably. After the land was freed of its restraints, peasants could offer better mortgage security. From the perspective of money-suppliers, the redemption of manorship could cause occasion to put more money into rural credit markets due to the increased creditworthiness of land-owners. With this in mind redemption of manorship can be seen as release of rural credit markets from institutional restrains.

Figure 1 shows a comparison between the development of both credit markets, which have several properties in common. They show a peak in the years of redemption of manorship, and a remarkable increased level of credit demand for the rest of the period. This result supports both theses: There was not only a extraordinary large need for money at the time of redemption, but also a persistent higher level of credit transactions from then on. In *Löhne* several peasants had to pay redemptions before the Rentenbank was opened. From 1850 on peasants could turn to the Rentenbank in order to pay off by long-term debt service, as several peasants here did. Yet deletion notes of annual duty entries point towards a higher number of redemption contracts in the 1850s. That for it is not astonishing that the credit demand in the early 1850s was higher than in 'normal' years, but by far less increased as in *Borgeln*.

Figure 1: Yearly amount of credit raising (5-years moving averages)



In *Borgeln* peasants in general did not establish long-term debt service relations with the Rentenbank. They have been able to pay their redemption debts at once, partly direct to their lords, partly by means of paying cash principal to the Rentenbank. Afterwards they continued to borrow a high amount of money for the remaining period under research. In *Borgeln* peasants rarely used on the help of the Rentenbank; their usage of the credit market, however, became more and more vivid. Here possibilities of participation in cash crop markets and profitable investments had considerable effects on the development of the local credit market.

## Creditors at rural credit markets

Landholders at the countryside borrowed money from different groups of money-givers. The main line can be drawn between creditors from the rural society itself and creditors who lived in urban places. In both places the supply side of the credit markets was dominated by towns nearby.

Table 3: Geographical origin of credit in Löhne

region	place	total amount of credit (Rthl.)	%
towns nearby	Herford	30,761	29.5
	other small towns	6,139	5.9
more distant towns	Bielefeld	11,660	11.2



	Minden	5,640	5.4
towns far away	Düsseldorf, Osnabrück, Berlin, and others	10,446	10.0
countryside	Löhne	27,036	26.0
	other parishes	12,332	11.8
unknown		111	0.1
total		104,125	100.0

Most money-suppliers in *Löhne* lived in urban places. About half of the money came from towns not far away, although there also were several creditors from towns outside the region. Most important was the district town Herford. This associates with a general tendency to have frequent contacts with this town. It was an important market place, the court in Herford became jurisdiction over the parish about 1830, and people from Löhne mostly went to notaries in Herford in order to record contracts. Further, but less frequent were relations to three smaller towns in proximate neighbourhood. Notaries from Oeynhausen, Bünde and Vlotho have been consulted a few times, and Vlotho had been the court town in the 1820s. Of some importance was Bielefeld, another protoindustrial market place in the region. More important, though, was the parish itself. About a quarter of the credit demand was met by other inhabitants of the parish. Here the villagers themselves provided for a remarkable part of their credit demand.

Table 4: Geographical origin of credit in Borgeln

region	place	total amount of credit (Rthl.)	%
towns nearby	Soest <sup>1</sup>	99,879	45.2
	Werl	3,000	1.4
more distant towns	Ahlen, Hamm	9,429	4.3
towns far away	Nymegen, Koblenz, Minden, and others	19,925	9.0
countryside	Borgeln	14,205	6.4
	other parishes	40,487	18.3
	distant manorial estates	8,515	3.9
unknown		25,537	11.6
total		220,977	100.0

<sup>1</sup> The land title registers do not always contain notes about creditors' places of residence. Since these registers as well as most contracts were recorded in Soest, residence of these people, for instance artisans and office holders, seems most likely.

In *Borgeln* the main structure is similar. Most of the money was given by town-dwellers, only about a quarter originated from countryside. Yet within these two areas the places of origin differed a lot. Most striking is the predominance of Soest as a source for credit. Inhabitants of this town provided for almost half of the credit demand of peasants and other land owners in Borgeln. Comparing the total amount of money, the flow of money from Soest to Borgeln was more than three times as big as from Herford to Löhne. Besides Soest, other towns from the region have been rather insignificant. It were rather people from far away who attended as creditors at the local credit market of Borgeln.

More astonishing is the inferior presence of creditors from the parish itself. Only a very small part of the local credit market has occurred within the boundaries of the parish. It is quite likely that peasants here rather invested their money in production of cash crops than in credit markets. Yet people from other parishes nearby seem to be of much more importance. In the next table a great part of these people can be found in the row reserved for merchants. Here we find another major difference between both places under research. In the ‘Soester Börde’, the environment of the town, many merchants lived at the countryside. Therefore the credit given by merchants derived both from Soest and from villages nearby. In East-Westphalia, however, merchants usually lived in towns. The dominance of the town Soest is also elucidated by the part of creditors within its proximate sphere of influence: merchants living at the countryside, neither as part of the country-folk, nor as part of rural lower stratum.

Table 5: Creditors in Borgeln

	1767-1819 (Rthl.)	1820-29 (Rthl.)	1830-39 (Rthl.)	1840-49 (Rthl.)	1850-59 (Rthl.)	1860-66 (Rthl.)	total (Rthl.)	% of total
town-dwellers	4,412	16,120	10,581	11,991	49,239	11,339	103,682	46.9
merchants	1,310	1,894	4,206	11,138	22,771	11,345	52,664	23.8
savings banks		535	3,273	2,429	12,170	2,174	20,581	9.3
lords of the manor		4,126	200	585	1,330	14,184	20,425	9.2
peasants	55	255	959	1,181	2,531	5,277	10,258	4.6
church	587	1,200	1,842	860	500	700	5,689	2.6
others from countryside	96	230	328	585	1,464	1,073	3,776	1.7
institutions	310	370	405	1,200			2,285	1.0
others and unknown	100	430	407		530	150	1,617	0.7
total	6,870	25,160	22,201	29,969	90,535	46,242	220,977	100.0
% of total	3.1	11.4	10.0	13.6	41.0	20.9	100.0	

People from town and merchants, both from town and countryside, held more than two thirds of the credit market in Borgeln. Table 5 reveals that there were two other, although less, important groups of creditors. Two of them held each almost 10% of the credit market. On the one hand there were savings banks, in most cases the savings bank in Soest. This bank was the first one in Westphalia, founded in 1825. On the other hand owners of manorial estates became quite important in the last period under research. Here we can observe a considerable effect of redemption of manorship: It is not only that the credit demand increased considerably at the times of redemption payments. After the credit-worthiness of farm holders and the cash assets of former lords had been increased, lords became important investors at the rural credit market, providing for 30% of the credit demand between 1860 and 1866.<sup>8</sup>

Table 6: Creditors in Löhne

<sup>8</sup> These creditors were not the former lords of the manor of these peasant farms. One farm was beyond manorship of the Prussian king, and the other holdings were rather small, only obliged to pay the municipality for the ground they were build upon. Part of these creditors came from manorial estates quite far away.

	1794-1819 (Rthl.)	1820-29 (Rthl.)	1830-39 (Rthl.)	1840-49 (Rthl.)	1850-59 (Rthl.)	1860-66 (Rthl.)	total (Rthl.)	% of total
town-dwellers	1,340	5,119	5,963	14,528	3,775	6,099	36,824	35.4
merchants		518	4,000	8,976	8,303	5,882	27,679	26.6
peasants	410	4,191	1,250	12,422	4,733	1,729	24,735	23.8
church	886	238	19	4,690	1,000	919	7,752	7.4
other from countryside	49	662	499	410	1,469	810	3,899	3.7
institutions	770	350	100	265			1,485	1.4
lords of the manor	180	996		64			1,240	0.7
others + unknown			400	62		49	991	1.0
total	3,635	12,074	12,231	41,417	19,280	15,488	104,125	100.0
% of total	3.5	11.6	11.7	39.8	18.5	14.9	100.0	

In *Löhne*, however, peasants set a major group of creditors.. The share of almost a quarter of the total credit market held by peasant creditors speaks for the role they played here. Again most of the money was lent by town-dwellers and merchants, the latter also almost exclusively living in towns nearby. Manorial lords occurred as creditors, but they provided for only a very marginal amount of credit. Missing were any savings banks as creditors, there have been no credit relationships between peasants from *Löhne* and savings banks. Even though the district savings bank in Herford had been established two decades after the opening of the savings bank in Soest, this institute did not occur as creditor in *Löhne*.

#### ***Institutional credit for the countryside: The savings banks in Soest and Herford***

Although there have been solitary savings banks in northwestern Germany before 1800, the actual building up of a bank system did not start before 1818. That year the first savings bank in Prussia was founded in Berlin. Foundations all over country followed. The first westphalian savings bank was established seven years later in Soest. It was opened on April, 2 1825 (Trende, 1957: 99). Local notables of the town have been the driving force behind its establishment. Two aims were their main concern: to strengthen the public finances of the town, and to enable the indigents to save money in good times in order to take precautions for times of trouble. Of course the founders acted on account of their own financial interests. Their social and economic position made them the first address to turn to whenever the town's financial situation it made necessary (Schoel, 1999: 19).

Weeks before the opening of the new bank an announcement was inserted in the local urban newsletter. It addressed those people who were expected to be clients: farmhands in the first place, also craftsmen and maids, and every citizen of the town should bring their savings in return for interest earnings. Teachers, masters, and principals were called on to recommend the institute: their subordinates should save their money and lead a decent and frugal life (Schoel, 1999: 19). It is unknown if there was any change in poor men's behaviour after the opening of the town's savings bank; at least there was some success concerning people's savings. Many servants became clients, but also wealthy citizens and their children, even corporate bodies like poor relief funds and church funds. About two thirds of the savers came from town, 1/3 from outside. However, the greater part of the money was borrowed by people from the countryside:

only one third of the borrowers were from town, two thirds came from outside (Koske, 1959: 24).

At the time the savings bank was opened, its maximum deposit limit was estimated as about 4.000 Rthl.; two years later, total deposits amounted to more than 9.000 Rthl. In 1849 total deposits were up to 369.704 Rthl. (Koske, 1959: 24). Obviously the savings bank succeeded in its efforts to receive the savers' confidence. Soon it had to focus its activities on the other side of banking transactions. In order to be able to pay granted interests, deposits had to be invested. Already in 1828 efforts were made to draw borrowers by newsletter announcements. In 1830 a new kind of steady credit was offered, whose terms for loan were suggestive of account current (which was developed only many years later). Debtors could borrow money against mortgage security, pay it back whenever and to what amount they wanted, and get money again on the same mortgage entry (Koske, 1959: 25).

In February 1831 the bank management proposed to abandon the principle of cogent mortgage security for every credit. They stated that there were large stocks that had to be invested, but could not be put in as mortgage credits. Many sound people would ask for loans without being willing to register a mortgage, in part because of the publicity, in part because of the costs. Their proposal was to lend money against bills of exchange with signature of two famous well-off citizens. For that reason they prepared a list of 84 citizens that should be revised every year (Koske, 1959: 25-27). Against the resistance of the regional government in Arnsberg, the savings bank gained permission to lend money without mortgage entry from the head of the provincial government in Münster (Koske, 1959: 31). Usually loans had to be secured by first-order mortgage; not before 1841 the prussian legislation permitted to lend against entry on the first half of a landed property's value (Trende, 1957: 118). The savings bank in Soest went its own ways, though. In 1836 it passed new statutes which contained regulations for loans. Mortgage entries were accepted up to 2/3 of property value, loans against bills of exchange were issued (Koske, 1959: 32-36).

Only a few month after the savings bank in Soest was opened, the regional government in Minden suggested a savings bank foundation in Herford. Here it was not an initiative of local citizens, but public welfare politics that set the ball rolling. Immorality and recklessness of the lower class were deplored, a savings bank almost considered to be a moral institution. These expectations were based on the conviction that the main reason for poverty was situated in individual wrong behaviour. Education of the poor was the main aim of the intention of the government to establish a savings bank here (Abelshausen, 1996: 34-41). The town council of Herford refused to pursue this plan in the first place. A few years later a bank was founded, but it failed to come successful, and was closed down in 1838. It took almost a decade until the next attempt was made. In January 1847 the district savings bank of Herford was opened. From the very beginning on it extended its business above the area of a saving institution for the lower classes. The day it opened its gates the management accepted an deposit of 1.100 Rthl., this way blowing up the social political motivated limit of 200 Rthl. On the side of the loans it accepted not only mortgage security, but also bills of exchange with signatures of two as well-off known citizens (Abelshausen, 1996: 45-61).

Once the savings bank in Herford was established, it worked very similar to the one in Soest: It was successful as an institution for saving as well for money lending. It is amazing that for the entire period between 1847 (foundation of the savings bank) and 1866 (end of examined period) there is no evidence of any credit transactions of the savings bank with landholders from Löhne. Only in 1869 two already existing mortgage loans were passed on the savings bank. It is known that peasants from other parishes have been among its clients. By far the most loans have been given against promissory notes and guarantors. In 1857 the share of the credit of this kind was up to 93 percent of all loans (Abelshausen, 1996: 60). Nonetheless it is an open question why the savings bank did not take the opportunity to invest in the hypothek credit market in Löhne.

Turning back to *Borgeln*, the function of the savings bank at this rural credit market shall be considered. Obviously the two credit markets were very different regarding to the presence of institutional money-suppliers. Did the availability of institutional credit have any certain impact at rural credit markets? One could assume that a bank, endowed with plenty of money in kind of savings deposits, was able to provide especially for large credits.

Table 7: Credits of the savings banks (Borgeln)

period	debtors		houses		small farms		middle-sized farms		large farms		total	
	Rthl.	N	Rthl.	N	Rthl.	N	Rthl.	N	Rthl.	N	Rthl.	N
1825-29	110	3	500	2	25	1	200	1	835	7		
1830-39	1,439	25	1,049	15	525	5	270	2	3,283	47		
1840-49	1,264	21	1,005	6	260	2			2,529	29		
1850-59	620	7	950	1	2,600	3	8,000	3	12,170	14		
1860-66	1,229	11	285	2	250	1			1,764	14		
total	4,662	67	3,789	26	3,660	12	8,470	6	20,581	111		

The distribution of credits given by the savings banks showed two peculiarities: The outstanding amounts of money given to middle sized and big farms within the 1850s, and the high number of credits to house-owners. In December 1851 the owner of the middle sized farm ‚Trottenborgs Colonie‘, Thomas C.H.A.W. Hohoff, borrowed 2.000 Rthl. with an interest of 5% from the savings bank in Werl. All manorial rights recorded in the land title registers have been deleted until the next summer. The farm ‚Colonie Blumroth‘, with a net yield of 432 Rthl. p.a. one of the biggest farms in the parish, had to pay annuities to the court counsellor Carl Lentze. At December 10<sup>th</sup>, 1853 all duties toward Carl Lentze were deleted. At the same day a hypothekation entry for the savings bank in Soest was made, referring to a credit contract over 3.800 Rthl., signed three months before. Another large farm, the ‚Schulzen Colonie zu Nehlerheide‘ was liberated two years earlier. In October 1851 all manorial rights have been deleted. Only six weeks earlier the savings bank in Werl lent 1.500 Rthl. to the farm holder. Another credit given to an owner of a large farm had been settled more than two years before the manorial rights of the farm were deleted. The first three cases show a very close connection

between raising credit and redemption of manorial rights. It seems to be justified to state that these credits were raised in order to pay off the redemption sums. The extraordinary high amounts of credit given to owners of bigger farms in this period have been driven by the liberation of peasant farms after 1850.<sup>9</sup>

More than 60% of all savings banks' credits were given to proprietors of very small holdings, often only a small house and some garden land. These credits were rather small, with an average amount of no more than 70 Rthl. The savings banks have been able to provide for large-scale credits, yet they were drawn on primarily by owners of small houses inquiring small loans. These house-owners often have been day-labourers or rural artisans. Most of the savings banks' loans were given to borrowers who possessed merely little land and could offer only bad security. Large-scale credits for owners of big farms were just exceptions, usually the savings banks had to content themselves with small and badly secured loans. This result is supported by comparing the average credit amounts of the main creditor groups for both parishes presented in table 8.

Table 8: Credits of the most important creditors: numbers, sums, and means

		N (all)	large credits		small credits		mean	
			N	% of all credits	N	% of all credits	arithmetic (Rthl.)	median (Rthl.)
Borgeln	town-dwellers	230	25	10.9	88	38.3	452	158
	merchants	187	5	2.7	58	31.0	282	150
	peasants	34	3	8.8	11	32.4	302	200
	savings banks	111	4	3.6	81	73.0	185	60
Löhne	town-dwellers	104	8	7.7	26	24.3	354	250
	merchants	93	8	8.6	44	47.3	298	120
	peasants	96	4	4.2	44	45.8	258	150

In the first columns of table 8 numbers of credits, large (1.000 Rth. and more) and small (up to 100 Rthl.) credits for the most important creditor groups are compared.<sup>10</sup> The first column presents the number of credits each group had given, separated by parish. The structure of the credit markets differed even regarding to the absolute presence of creditors at the market. Whereas in Löhne all groups gave roughly equal numbers of credits, Borgeln experienced a predominance of town-dwellers and merchants at its credit market. The next columns show how many of the credits of each creditor group were either large or small credits. For Borgeln three numbers stand out: Town-dwellers gave a lot of credits above 1.000 Rthl. Even though peasants did not give many credits, a tenth of them were also big credits, and the savings banks have

<sup>9</sup> Hypothekenbücher Borgeln, Nr. 1 folio 5, folio 34, Nr. 7 folio 71, folio 82.

<sup>10</sup> Lords of the manor are not discussed here, since they are rather unimportant as creditors for the most time of the period under research.

been charge of the area of small credits. Three quarters of their loans have been about 100 Rthl. or less.

Looking at the means of amounts this result becomes more clear. Town-dwellers provided rather for larger credits in Borgeln, whereas the average credit given by the savings banks was much lower. In Löhne again the similarity of all values for creditors is striking. Here as well town-dwellers gave on average larger credits than merchants or peasants, but the differences between the categories was not nearly as big as in Borgeln. Inhabitants of towns were important creditors, but they did not dominate this East-Westphalian local credit market. The high values of peasants in proportion to the other groups underline the importance of peasants as creditors in Löhne.

### *Urban citizens and their investments at the countryside*

Before turning to the credit relationships within the parishes, between peasants and other village inhabitants, the strong presence of town dwellers as creditors at the countryside shall be reconsidered. Town-dwellers have hardly been noticed as important group at rural credit markets (Thomes, 1998; Blessing, 1997). Urban citizens invested a lot of money in rural credit markets. This was especially true for the parish located in the region of the ‚Soester Börde‘. Most of them lived in Soest, rarely in other towns near and faraway. Therefore it seems to be justified to compare the amount of money given by this group with the amount of deposits of the local savings bank. Although the savings bank was very successful and held in 1849 deposits at an amount of 369.704 Rthl., a lot of money was invested outside town. People from Soest lent money to landholders of Borgeln at an amount of about 100.000 Rthl. within the first two thirds of 19<sup>th</sup> century, and Borgeln was only one of several parishes within the surrounding area of the town.

The westphalian countryside was obviously an interesting place for investments, at least as far as the rural credit market is concerned. The engagement of urban citizens in the rural annuity business goes back even into the 18<sup>th</sup> century (Koske, 2000). For several peasant holdings there exist entries in the land title registers concerning manorial rights of citizens. Most of these manorial rights contained delivery of grain, chicken, eggs, and the like. Sometimes even a ‚Heimfallsrecht‘ was in the hands of urban citizens, which means the right to withdraw the peasant holding in case the peasant died without leaving inheriting children.

Ludolph Holle, a justice commissioner from Soest, had manorial rights at three peasant holdings in Borgeln. The Bertels' farm owed him some barley each year, Remmert's farm rye and barley, and Rademacher's farm also barley. Rademacher's farm had to deliver manorial charges to other people, who probably have been its original lords of the manor: Friedrich von Heidewolff from Oberweimar in Hessen and Ernestine Gräfin von Wicheburg, from St. Pölten in Austria. Their claims have been much more extensive. Besides a certain amount of grain they also received nine chicken and some money.

Another example would be a carpenter from Soest named Königs. He also had manorial rights at three peasant holdings in the parish of Borgeln. Every year he received one chicken and some money from Löer's farm. Another farm in Stocklarn, Schiller's farm, owed him also a

chicken and some money. Finally, there was Trottenberg's farm in Stocklarn, that had to deliver eight chicken, one pig, some oats, and cash. Above that, Trottenberg's farm had to send several other charges to Soest: Wilhelm Stuve, a tradesman in Soest, received barley, Albert Simmons barley and rye. Antoinette Regenherz also received barley and rye, as another, not identified, person from Soest. The manorial rights on this peasant holdings, as they were registered in the 19<sup>th</sup> century land registers, were spread on five different persons, all of them urban citizens.

All these rights have been deleted in the beginning of the 1850s. With the redemption of manorship these manorial relationships between peasants and town dwellers vanished. They have been replaced by credit relationships.

If one looks at land register entries concerning land ownership, urban citizens appear very seldom as buyers of land at the countryside. Sophia Rocholl, wife of a tradesman in Soest, bought in 1821 the manorial estate Gut Palmberg for a prize of 7.000 Rthl. Gut Palmberg was a holding of about 120 Morgen with a tax net yield of almost 300 Rthl. This transaction included a peasant farm and two smallholdings, that probably have been beyond the manorship of this manorial estate. In the course of time several parcels have been sold, so that this estate shrunk to a size of no more than 60 Mg. and 96 Rthl. in 1866. Another example would be Andreas Boeddecker, a butcher from Soest, who paid 1.200 Rthl. for a meadow of 5,5 Morgen (33 Reichsthaler tax net yield) in 1851.

These examples were rather exceptions than the rule. Town-dwellers very seldom turned up as buyers of land in Borgeln. This is quite amazing, since there is so much interest of citizens in investments in the rural credit market, but hardly in buying landed property. At least for land without manorial charges there were no legal restrictions in free trade in land. This is reflected in the mobility rates of burdened and unburdened land, as Georg Fertig's analysis of rural land markets in Westphalia has shown. Land without manorial charges was clearly more likely to be traded than burdened land (Fertig, 2001: 182-190).

Nevertheless, on the whole urban investors stayed away from rural land markets. There was no such development as, for example, in Holland, a region of the Lower Countries. From the middle of the 16<sup>th</sup> century on wealthy town-dwellers made large-scale investments in land, which usually was leased out (van Bavel, 2002: 24). This is the more astonishing as in the 'Soester Börde' soil was of highest quality. The reason for this reserve may be found in the taxation system of the prussian state.

P. Schofield (1997) showed in his study on credit and land market in a medieval english community the impact of taxation systems on ways of acting at markets. Here the anticipation of lay subsidies in times of economic problems was an incentive for creditors to call in debts, and to invest their money in landed property. This was quite reasonable, because the money owed to an individual was considered to be available capital and therefore a tax was levied on it. Land, on the other hand, was not levied with subsidies. Different taxation of capital and landed property directed investment capital into different markets.

There is some reason to assume that the taxation system of the prussian state also had some impact on markets for credit and land. Until the introduction of a tax on incomes in 1891 the prussian tax system was marked by the dualism between taxable and non-taxable population



on one hand, and the dualism between town and countryside on the other hand. At the countryside a personal class tax and a property tax was imposed, whereas the inhabitants of towns were loaded mostly by indirect consumption taxes. Noblemen at the countryside, however, kept liberated from taxes up to 1861. The property tax is considered to be most important for the prussian national budget, in general the countryside was heavier burdened with taxes than towns (Schremmer, 1994: 110-149). Since the taxation system remained rather heterogenous during the 19<sup>th</sup> century, the gravity of the property tax varied widely from province to province. In western provinces taxation was particularly hard. In Westphalia the property tax was at a level of 10 percent of the tax net yield, whereas in Posen it was less than 5 percent (Meitzen, 1868: 20).

Here one may find the reason for the preferences of urban citizens. At rural markets loans bore a rate of interest between 4 and 5 percent, more than the savings bank – to come back to this institution – paid. Since these loans have been secured through mortgages, the risk of losses remained quite low. At the same time there was no tax on yields on capital. As a publication of 1842 stated, taxation of yields on capital was considered feasible on registered loans, like mortgages, at best, whereas personal credit was not within the grip of the prussian administration. It follows that only registered loans would have been burdened with taxes, which would have forced the borrowers to bear these costs. Thus a tax of this kind merely would have been reflected to the borrowers (von Prittwitz, 1842: 173-176).

High taxes on landed property, but no taxation of yields on capital made it more attractive for prussian town-dwellers to invest their capital in credit markets than in land markets. However another reason for their absence at the parishes' land markets may have been the attitude of rural landholders. At the land market existed a clear tendency to exclude outsiders from land transactions. The likeliness of buying and selling land was much higher for kin-related people than for non-kin. People's attempt to keep landed property within their social circle is quite obvious (Fertig, 2001: 85-95).

## **Local and regional credit markets**

Although people from urban places were most important for rural credit markets, there also existed a local credit market within the two parishes under research. Peasants and other villagers, as day labourers, artisans, or underage heirs, lent money to their co-inhabitants. These people have been identified in the family reconstitution, and their kin relations have been found out up to seven steps.<sup>11</sup> Therefore it possible to show that these local credit markets do not only differ very much in size and structure, but also regarding to the degree personal relationships are involved in economic transactions.

In *Borgeln* the amount of money circulating within the parish was very small. Only about 2,4% of the total credit demand was met by inhabitants of the same village. Peasants usually did not participate at the village credit market by borrowing money at all. There were only few exceptions: in 1827 an old debt of 55 Rthl. from 1784 was registered on the holding of

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<sup>11</sup> The kinship network has been programmed by Georg Fertig.

Johann Christoph Balks, a middle sized farm. Another case is the entry about 180 Rthl. on the farm of Stephan Christoph Wilhelm Georg Rohe. A contract from 1836 reveals that the peasant was not able to pay his aunt's inheritance compensation. They found a solution that satisfied each party: The peasant signed a debenture bond and agreed that it would be registered on his land as a mortgage. His aunt could sell this bond and register entry afterwards in order to free herself from debts.<sup>12</sup>

There are some more credit relations between peasants and other parish inhabitants, but these example are rather exceptions. In general peasants did not turn to their neighbours and co-inhabitants when they needed money. The only group who actually did borrow money on location were house-owners. They were in debt with peasants, day labourers, people who invested their inheritance compensation and other villagers. However, even this group borrowed more than 90% of its credit demand outside the parish. The relations between debtors and creditors within the parish do not point towards strong clientelistic or other dependence relationships. It is true that there existed almost exclusively credit grants from the upper to the lower part of society. But usually these credits have been single transactions between two partners. The ordinary debtor borrowed only once within the parish, and the ordinary creditor from within the parish placed only one credit here. Some people had two or even three credit relationships within the parish, but only twice a credit was followed by another credit from the same supplier. For these house-owners the same rule was true as for the whole parish: urban citizens, merchants and the savings bank have been the really important money suppliers, not well-being peasants from the same place. What is more, the amounts of these inner parish credits have been rather moderate. The highest credit given by a peasant was 400 Rthl., the highest total amount of money lent by one person 775 Rthl. Regarding to the entire credit market, these sums have been rather low: The arithmetic mean of credits was about 830 Rthl. for all creditors. Creditors from the outside often had much larger amounts of money invested in the place than people from within the parish. The arithmetic mean of credit sums within the parish was about 198 Rthl., the median was only slightly below (170 Rthl.).

Table 9: Credits within the parishes (in Rthl.)

	debtors creditors	houses	small farms	middle- sized farms	large farms	total
Borgeln	peasants	2,525	180	55	-	2,760
	other villagers	1,979	514	-	-	2,493
	total	4,504	694	55	-	5,253
Löhne	peasants	5,154	4,574	3,743	6,172	19,643
	other villagers	509	850	1,248	240	2,847
	total	5,663	5,424	5,591	7,412	24,090

<sup>1</sup> See table 1.

<sup>12</sup> Hypothekenbuch Borgeln, Nr. 7 folio 91, folio 81.

In *Löhne* all groups of parish inhabitants participated as borrowers and lenders at the local credit market. In total, almost a fourth of the credit business was transacted within the parish. The groups of smaller, middle sized and big peasant farm owners more or less lent as much money as they asked for within the parish. The group of the house-owners, however, received much more money from co-inhabitants than it lent. The gap in this reckoning was filled by landless people, who had as grantors a share of about 20% of the inner parish credit market. These other villagers were particularly day labourers or 'Heuerlinge', but also artisans, the parish priest and people who invested their inheritance compensation at the credit market.

In severe contrast to the Borgeln credit market, peasants from *Löhne* and other parishes nearby were important creditors for all groups here. Almost a quarter of the parish's credit demand has been met by peasants. Especially for house-owners and for owners of relatively big farms other peasants were important as a source of money. Yet, quite similar to the other parish, in general credit relationships in *Löhne* did not point towards clientelistic dependence between creditors and debtors. Here people also usually borrowed just once from another villager, and creditors also appeared only one time at the credit market. There were a few men who borrowed up to six and even eight times from their co-inhabitants, but there is a strong tendency to diversify debts and to borrow money from different creditors. However, one outstanding exception has to be mentioned: Carl Henrich Imort, who started his career as a day labourer and shoemaker before he managed to buy a peasant farm, was extraordinary active both at the credit and the land market. He granted more than 40 different credits between 1799 and 1853, several of them to the same debtors.

As this example indicates, the local credit market in this east-westphalian parish showed more imbalance than the other one. Many people participated in the credit market, but some have been more active than others. This is also reflected by average amounts of credit sums. If one looks at the total credit sums given by each creditor, the two credit markets are quite different. Whereas the local credit market of Borgeln showed an arithmetic mean and a median both quite small and very close to each other, these values differed widely in *Löhne*. The median was 200 Rthl., but the arithmetic mean was much higher: On average almost 540 Rthl. were lent by each creditor within the parish. This means that there have been some creditors who granted much more credit within the parish than others. The most outstanding one was C.H. Imort, who was already mentioned above. Even if one takes all the other creditors from outside – urban citizens, tradesmen, and others – into consideration, he lent by far the highest amount of money of all creditors: 8477 Rthl. as a whole. But there were also other peasants who lent money to an amount of several hundred Reichsthaler and more. But with the exception of Imort, creditors usually gave only single credits, which does not indicate great concentration of power and influence on the credit market. This result supports the findings concerning the different groups in the parish. Since all groups borrowed and lent money, and the increased demand of house-owners was compensated by investments of landless people, the parish credit market was not marked by a clientelistic structure in general.

Some credit entries in *Löhne* have explicitly been connected to land transactions. There are notes that the hypothek is registered because of the purchase of land. In total, credits to an amount of about 5800 Rthl. have been announced with land purchases. These credit land

purchases do concern owners of big farms as well as smallholders. In the Borgeln land title registers no entries which mention land purchases have been found. Whenever active debts of creditors are mentioned, these creditors have been tradesmen and the sums have been rather small. This is not amazing: the land market in Borgeln was almost non-existing in 19<sup>th</sup> century, whereas in Löhne a more vivid land market, defined as selling land outside the nuclear family, has been observed (Fertig, 2001).

In Löhne it also happened that peasant farms went through the hands of intermediate owners, who paid off the original owners and sold the property again on credit. At January 22<sup>nd</sup>, 1843 Carl Friedrich Gottlieb Eickmeyer, owner of one of the biggest farms in Löhne, sold his landed property to Carl Henrich Imort. He left the parish with his wife and his two little sons. Imort was a peasant in Löhne himself, but in this case he did not intend to enlarge his property. Only about 6 weeks later he sold Eickmeyer's farm to Carl Friedrich Wilhelm Koester and Anne Marie Catharine Elstermeyer, a daughter of the neighbour farm's owner. This transaction was a credit sale: Koester's indebtedness to Imort was registered on the same day. This debt was paid back within the following 5 years.<sup>13</sup>

At this local credit market, most people did not only have credit business relationships, but many were also related through kinship. For three quarters of the 84 pairs of creditor and debtor a kin relationship can be traced. Many of them have been distant affinal or consanguinal kin, but several have been in an area of closer kinship. Some relations belong to the areas of the nuclear family and of aunts, uncles, nephews and nieces. Within these areas it is possible that debts arise from not fulfilled payment obligations based in inheritance rights. For this reason it remains unclear if the entries were about money borrowed from close relatives, or if inheritance claims have just been secured. The last proceeding is a way to avoid indebtedness by postponing rightful claims to a future point of time.

In Borgeln, however, borrowers in general did not turn to money-givers of close social proximity. Only 30 credit relationships of inhabitants of the parish can be found. Some were situated within the area of inheritance claims mentioned above: five credits were given by members of the nuclear family, one from an aunt. This last record had been described above, it was a case of a registered inheritance claim. Very few loans were placed within the area of first and second cousins. Distant affinal relatives also emerged as creditors in a few cases. But these numbers are very small. The general tendency points towards another direction. Credit relationships mostly took place outside the sphere of social proximity, beyond the borders of kinship, neighbourhood, or parish population.

The local credit markets of the two parishes under research have been marked by quite different structures. Social relations within the rural society seemed to be less important for the availability of credit in Borgeln, the parish with traditionally numerous relationships to the nearby town. After the property rights of land owners had been improved in a way that it became possible mortgage land with credit, personal relationships within the parish became quite unimportant for money lending. The credit networks of these people did not take place

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<sup>13</sup> Hypothekenbuch Löhne-Beck 1, Nr. 212, folio 2.

within the parish. In this agrarian, but nonetheless market-orientated place people were used to turn to markets above the local horizon, whether they were markets for labour, for agricultural products or for credit. These findings are supported by the results of Georg Fertig's analysis, who examined the land markets of three westphalian parishes (Fertig, 2001). Similar to the credit market, the land market within the parish was very small. People from Borgeln, the parish with strong integration in supra-local markets, rather avoided to do business with each other.

The examination of the east-westphalian parish's credit market, however, supports J. Mooser's statement of a credit market strongly anchored in a local framework in this region. People of all social strata had versatile relations with each other, based in the 'Heuerling' system as well as in the dense interconnection of agricultural and proto-industrial production (Mooser, 1984: 293-298). The Heuerling system was marked by diverse relations between peasants and their Heuerlinge, including renting houses, work force, consumer credits, etc. Looking at the markets for labour, agricultural and proto-industrial products, land, and credit, manifold relations connecting all parts of the parish become visible. Although an opening of the local economy towards interregional markets had taken place during the rise of proto-industry in the second half of the 18<sup>th</sup> century, people were much more involved in a local web of personal relationships. In terms of social networks, these people had multiplex relationships, which means that already existing relations were 'doubled' by means of re-building these ties through new, here: economic ties.

## Conclusion

This article is based on only first attempts to analyse data on mortgaging land in 19<sup>th</sup> century. Nevertheless, some insights in the structure of rural credit markets and in social and economic relations of rural society have been gained.

Reasons for peasants' indebtedness are difficult to detect. Available sources usually remain silent on the reasons of borrowing money. Since peasant households have been units of consumption and production at the same time, it is not even easy to distinguish whether money was needed for operational or more private purposes. Historical research has it that inheritance compensation payments for children who did not take over the farm from their parents have been the main reasons for heavy indebtedness. Although compensation payments indeed have been fairly extensive in this region, it seems to be unlikely that peasants made over payments of an amount that would have threatened the survival of their farm. Land title registered contain notes on payment obligations towards siblings or other close relatives, but these entries achieved the exact opposite effect: if compensation could not be paid off, the claim was secured and by this way postponed to the future. This proceeding avoided indebtedness instead of causing it. However, it seems to be more likely to find a causal relationship between agrarian reforms and peasants' credit demand. Redemption payments have been due in certain years in 19<sup>th</sup> century. The same periods of time show a remarkable rise in demand for credit. Although institutional support was available from 1850 on, peasants often preferred to borrow money at the credit market instead of entering into a long term obligation to pay debt services.

Growing demand for credit was met by numerous creditors who placed their money at the countryside. Town-dwellers from nearby were by far the most important group. This interest of urban citizens in annuities from the countryside goes back to 18<sup>th</sup> century, before mortgaging landed property with credit was even possible. In this early time town-dwellers came into possession of manorial rights in several peasant farms and received yearly deliveries of natural goods. After the improving of property rights for peasants by agrarian reforms, these manorial rights have been withdrawn in the course of 19<sup>th</sup> century. Instead, investments now flowed into the rural mortgage credit market. Exploitation of countryfolk by Jewish merchants, often lamented in contemporary literature, clearly was nothing but an antisemitic stereotype. It were town-dwellers in general who provided the countryside with capital. Yet this close connection of rural and urban places is hardly explored until now.

Unlike the credit markets, rural land markets did not attract investments from urban citizens; heavy taxation of landed property may have hindered such considerations. The Prussian taxation system made it more attractive to save and lend money. The problems of the savings bank in Soest to place their deposits in the first half of 19<sup>th</sup> century shows that there was no lack of available money, at least not in this part of Westphalia. Especially mortgage loans have been sought by investors. Against this background it is unlikely to find a socio-economic structure marked by dependence relations at the countryside. Although these local credit markets may not be genuine buyers' markets, they have certainly not been sellers' markets either. Many suppliers of money and a tendency not to repeat credit relationships point at a sufficient supply at these rural credit markets.

The comparison of two parishes within Westphalia led to the results that social and economic relations inside rural places are strongly influenced by their integration into markets. Where peasants had easy access to growing cash crops markets, where they could afford to buy labour force in form of servants' and day labourers' work force at labour markets, and where they were able to give security for credits by mortgaging fertile and productive land, the often quoted networks of personal relationships with kin and neighbours were less significant. Under such circumstances people at the countryside were less dependent on local, family or neighbour relationships to get hold of certain resources. As the local credit market of Borgeln showed, villagers rather avoided to engage in economic relationships with people of close social proximity.

Since economic conditions differ widely in 19<sup>th</sup> century Westphalia, it is not surprising to find a fairly different structured local credit market in the East-Westphalian parish. In this region proto-industrial textile production was at an economic boom in the second half of 18<sup>th</sup> century, followed by a crisis in the second quarter of 19<sup>th</sup> century. Economic conditions in this region were less advantageous in general: Markets for cash crops were far away and difficult to reach, agrarian productivity remained rather low. Landed property here consisted mainly of less fertile soil, increases in labour force investments in order to improve land productivity could not be covered by product sales returns. In short: People here had less means to build up strong economic relations beyond the local context. This does not mean that rural places here have been isolated; as the credit market of Löhne shows very well, there have been numerous creditors from the outside investing their money in this market. Nonetheless there existed

manifold socio-economic interconnection within the parish. To borrow money from relatives or other co-inhabitants was not unusual. The credit network within the parish was linked to the – at least on a westphalian scale – vivid land market. As a whole, it contained many relationships that have been multiplied through relations of other types. This structure of a closely connected society goes back to the type of local economy build up in 18<sup>th</sup> century. Proto-industrial production, based on agricultural raw material produced in the parish, resulted in multiple relations between all social classes. Although proto-industrial textile markets deteriorated in the course of the 19<sup>th</sup> century, the socio-economic structure of closely tied interpersonal networks has been preserved due to weak integration in growing markets for agrarian products. The embeddedness of the credit market in social networks in Löhne reflects this economic stagnation.

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