



Seeing credit and property rights from below: The experience of Catalan smallholders in the eighteenth century

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Abstract

The Catalan case in south-western Europe offers us the opportunity to take a detailed look at the impact a lowering of the interest rate may have had on the poor of a specific area. It is vital to examine how property rights operated in specific contexts, given the close relationship between land and credit markets. Our working hypothesis is that, in some instances where property rights were redefined, as happened in eighteenth-century Catalonia, the reduction of the interest rate in secured loans benefitted the poorer social groups. The findings of this research, in line with those of some development economists, suggest that only an empirical and bottom-up perspective allows for a proper analysis of the eradication of poverty by placing it within the real picture of social change.

KEYWORDS

Catalonia, credit, eighteenth century, poverty, property rights, rural

In recent years, some early modern historians have stressed the active role played by peasant household economies in the economic transformation of certain areas of Europe, emphasising in particular the involvement of these households in markets for goods.¹ What role did credit, or money markets, play in such cases? The question is important, since on the one hand, historians have tended to see the indebtedness of poorer social groups as a symptom of their serious economic

¹ de Vries, *Industrious revolution*.



difficulties,² while on the other hand, development economists have for years considered the difficulty experienced by the lower classes in obtaining credit as a major obstacle in the struggle to overcome poverty. In these latter studies, the question of credit, along with conditions of access to resources, has provided a particularly apt field for checking economic theory against practical cases.³ We propose to investigate this question in a similar manner but by using a historical case study, namely the Catalan case, where we know that the social and economic improvement of a good number of smallholders in the second half of the eighteenth century coincided with a substantial reduction of the interest rate in the most widespread variety of secured lending and with significant changes in the forms of access to land.

During the eighteenth century in Spain, the official maximum rate of interest on the kind of secured loans known as *censos consignativos* in Castile and *censals* in Catalonia, and equivalent to the French *rentes constituées* or the English annuities, fell abruptly from five per cent to three per cent. The reduction affected the whole of the Spanish territory, although it was introduced at two different points in time. In the Kingdom of Castile, the decision to reduce the interest rate on *censos consignativos* was taken in 1705. When it was evaluated for its impact 45 years later, the measure was judged sufficiently positive to justify its extension. In 1750 the same reduction was announced for the whole Crown of Aragon.⁴

In the rest of Europe, the rates for similar loans remained, in general terms, at around four or five per cent.⁵ Some of the attempts to bring them under four per cent of which we know, in France and England, for instance, did not last very long.⁶ In Spain, by contrast, where in the middle ages interest rates had been much higher than five per cent, the new rate of three per cent lasted until the nineteenth century. The measure, besides, was applied retroactively to previously created annuities so that debtors saw the cost of their debts reduced by 40 per cent. This feature alone would justify its being studied, but with the concerns and discussions of many development economists in mind,⁷ and notwithstanding the fact that the measure was really meant to benefit indebted nobility, it is of particular interest to ascertain the impact such a reduction may have had on the poorer groups in society.⁸

This article will examine the impact of the reduction in the mortgage interest rate from five to three per cent (1750) on some of the poorer social sectors in a region of north-east Catalonia. Our working hypothesis is that the reduction of the interest rate benefitted, and, therefore, led to a noticeable improvement in the conditions of the poorer social groups, those who in notarial documents were labelled *treballadors*.

This hypothesis is based on the results of previous research which has shown a rise in living standards for at least some *treballadors* during the second half of the eighteenth century,

² For a critical review of these arguments, see Brennan, 'Peasants and debt'; Schofield and Lambrecht, *Credit and the rural economy*.

³ Perhaps the best example is Banerjee and Duflo, *Poor economics*.

⁴ The text of the 1750 statute clearly reflects the legislator's satisfaction with the results obtained in Castile (Vives, *Usages y demás derechos*, II, p. 80). Vives also praises the effects of the measure on the Catalan economy in glowing terms.

⁵ The classic work on the global history of interest rates is Homer and Sylla, *History of interest rates*, although it contains very little on private credit markets. For a more recent perspective, see Schmelzing, 'Essays on long-term'.

⁶ Hoffmann, Postel-Vinay, and Rosenthal, *Priceless markets*; Allen, 'Price of freehold land'.

⁷ de Soto, *Mystery of capital*; Banik, *Rights and legal empowerment*; Golub, *Legal empowerment*.

⁸ In 2008, the UN created the Commission on the Legal Empowerment of the Poor, which following the ideas of its coordinator, Hernando de Soto, proposed as a means of eradicating poverty the formalization of property deeds in order to provide the poor with access to credit.



alongside their relative increase within the social structure at a time of population growth.⁹ Various indicators (dowries, probate inventories, new social labels) testify to an improvement in material standards of living compared with the rest of the population from the middle of the eighteenth century, coinciding with the reduction in interest rates on *censals*.¹⁰ An increasing access to resources must have played an important role in this improvement in living standards, which leads to the question of whether access to cheaper credit also played a part, or more specifically, what role the decree of 1750 may have played in all of this.

The article is structured as follows: After a discussion of the theoretical framework in section I, section II presents the case study area and the sources. Section III examines why the supply of credit to the *treballadors* did not contract, as might have been expected, with the reduction in the legal maximum interest rate, and section IV examines the evidence for the impact of the 1750 statute on the local credit market. Section V quantifies the participation of smallholders in the credit market. Sections VI and VII will argue that this participation cannot be understood except in relation to the land market and to the redefinition of property rights that was taking place in Catalonia during the second half of the eighteenth century. Finally, section VIII presents our conclusions.

I | CREDIT AND POVERTY: SOME THEORETICAL CONSIDERATIONS

To speak of low interest rates and to argue for their positive influence on economic growth in eighteenth-century Spain could be viewed as a double provocation. The most common historical accounts, particularly those that have their roots in new institutional economics, attribute the long-term stagnation of the Spanish economy and its clear divergence from the advanced countries of northern Europe over the period 1500–1800 to an institutional failure to sufficiently guarantee property rights. From this perspective, the high rates of interest that the Spanish state had to assume as public debt would be evidence of such a failure.¹¹ However, various authors have questioned to what extent the rates of interest on public debt determined those on private loans in a context in which capital markets, not just in Spain, were neither geographically nor socially integrated.¹² Meanwhile, other studies have emphasized the sophistication and high level of development attained by the Spanish credit market, alongside the existence of a considerable legal and judicial capacity to ensure that contracts were fulfilled.¹³

The relationship between the interest rates, both legal and market, on private credit and the land market has long attracted the attention of economists and historians.¹⁴ One of the arguments put forward to explain the maintenance of a four or five per cent legal interest rate in many European

⁹ Congost, Ros, and Saguero, 'Beyond life cycle'.

¹⁰ Congost and Ros, 'Change in society'; Congost, Ros, and Saguero, 'Beyond life cycle'; Congost, 'Més enllà'.

¹¹ North, *Understanding the process*, p. 144; van Zanden, *Long road*, pp. 222, 240; Acemoglu and Robinson, *Why nations fail*, p. 265; Riley, *Seven Years War*.

¹² Clark, 'Political foundations', and Sussman and Yafeh, 'Institutional reforms', question the widely accepted new institutionalist claim that the political changes in seventeenth-century England had a positive impact on the private capital market. Even David Ricardo argued that the public and private credit markets were basically disconnected (as cited in Quinn, 'Glorious Revolution', p. 598). On the fragmentation of Spanish capital markets in the eighteenth century, see Grafe, 'Distant tyranny'; Milhaud, 'Sacré crédit', pp. 30–58.

¹³ See, for example, Grafe, *Distant tyranny*, p. 222; Yun, *Sobre la transición*.

¹⁴ The classic text on this is Habakkuk, 'Long-term rate'.



regions is that this struck a kind of balance between the price of an estate and the annual income that this provided for its owner.¹⁵ Following the same line of reasoning, some Spanish historians have argued that the change in the interest rate from five to three per cent merely reflected a corresponding change in the return from the purchase of land.¹⁶ Evidence from the Girona region, however, does not seem to fit with this argument. Data collected from Girona's mortgage registry¹⁷ point to a return from land higher than five per cent at the time of the registry's creation (1768) and the gap between the two rates persisted at the beginning of the nineteenth century.¹⁸ These findings coincide with the testimony of Arthur Young, who, passing through the region in 1787, reported that an acre of land was worth 200 Spanish pounds and leased for eight or ten, which also puts the lease:price ratio between four and five per cent.¹⁹ The return on the investment from purchasing land was thus well above the new cost of borrowing.²⁰ The idea, then, that the legal interest rate simply reflected the return on the purchase of land can hardly be defended in the case under study. The Spanish government's decision to bring down the rate of interest of secured loans must have obeyed a different logic.

What is important to recognize, however, is that this debate over interest rates reflects a focus that comes exclusively from the perspective of the lenders. From this perspective, the causes and consequences of the decline in interest rates are analysed with the assumption that purchasing land or investing capital in annuities were substitutes for each other. Those lower down the social scale, though, had a different viewpoint. It would seem logical to assume that, for indebted smallholders, the reduction in interest from five to three per cent would have bolstered their net income. Nonetheless, the fall in the price of credit was probably one of the main stimuli in the wave of land purchases and emphyteutic leases that occurred in the second half of the eighteenth century, many of these carried out by smallholders, and which brought a great deal of waste and rough land under the plough.

For these reasons, though it seems logical to suppose that the indebted rentier landlords were interested in supporting the change in interest rates, it is evident that smallholders and other poorer groups, too, could benefit from it. Perhaps we ought to speak of this as a sought-after improvement in the first case and an accidental one, a by-product so to speak, in the case of small producers.

This possibility for improving the circumstances of poorer groups is of interest in itself. As has been noted, historians have often assumed that members of poorer social groups had no access to credit or, if they did, they were clearly victims of it. In numerous studies, evidence of large numbers of indebted peasants is seen as proof of the precarious situation facing peasants or even of their inevitable expropriation.²¹

¹⁵ Hoffmann, Postel-Vinay, and Rosenthal, *Priceless markets*, p. 35.

¹⁶ Tello, 'Crisis del antiguo régimen'; Yun, *Sobre la transición*, pp. 351–7.

¹⁷ Arxiu Històric de Girona, Registre d'Hipoteques, books 1–13.

¹⁸ Congost, *Els propietaris*. The data from the Girona region for the period 1768–74, on which this article is largely based, show that annual leases for small plots were close to six per cent of the land's value.

¹⁹ Young, *Travels in France*.

²⁰ However, in other regions, such as Valencia, the profitability of land purchases seems to have followed a downward trajectory during the eighteenth century, from eight per cent to three per cent. Andrés Robres, *Crédito y propiedad*. This case is used by Tello to diminish the importance of a reduction in interest rates; Tello, 'Crisis del antiguo régimen'.

²¹ 'Endettement, expropriation de la petite propriété: les deux faits sont étroitement liés' (Saint-Jacob, *Paysans de la Bourgogne*, pp. 460–1). This is also the position of Bhaduri, *Economic structure*, and Tello, referring to Catalonia, *Cervera i la Segarra*.



In general, the poor feature very little, if at all, in historical studies of credit. For example, [Hoffmann, Postel-Vinay, and Rosenthal](#), after verifying the scant presence of *journaliers* and artisans in the credit operations recorded by Parisian notaries, concluded that only a select minority had access to credit because only they met the two basic requirements: knowing someone who could lend money and having an asset to mortgage.²² Regarding the first of those two conditions, in Catalonia, as elsewhere in Europe, the importance of religious institutions as credit providers meant that everyone, including the poorest, ‘knew someone who could lend money’.²³ With regard to the second condition, in theory at least, certain kinds of loans could facilitate the acquisition of land. In the Girona region, credit transactions often took place at the time of the sale or the emphyteutic leasing (*establiment*) of the very piece of land about to be mortgaged.²⁴ Not ‘having an asset to mortgage’, therefore, would not have been a real problem in obtaining credit. Not only that, it was through credit in fact that one could acquire an asset. A reduction in the interest rate would, therefore, favour this process and evidence of frequent cases of debt amongst the humble cannot be taken automatically as evidence of their poverty.

If the idea of the potential beneficial effects on income redistribution of a reduction in the interest rate has hardly been entertained by historians, it is because the first two ideas that come to mind when we speak of credit, though they are often treated separately, are: (a) that such a measure will naturally lead to a decrease in the supply of credit and thus end up having a counterproductive effect, and (b) the idea that credit extended to the poor, when it exists, acts as a kind of ‘moral economy’ which only serves (and this is, in fact, no mean thing) to ensure their survival.²⁵ In the former case, credit is seen from the point of view of the creditors, seeking their own interest; in the latter, the point of view is that of the poor debtors, those who need money to survive.

To some extent, the role of the church as a principal creditor, combined with a low rate of interest, would seem to accentuate the moral economy aspects which some authors have attributed to annuities. However, neither the moral economy nor charitable aspects can explain the dynamic role played in the market for these annuities by many Catalan smallholders during the second half of the eighteenth century, a role explored below. This dynamism stemmed in part from the expansion of the emphyteutic contract in the second half of the eighteenth century, in a context in which property rights were being redefined and were thus uncertain. From a conventional theoretical point of view, those two factors, the regulation of interest rates and the imperfection of property rights, ought to have posed serious obstacles to the circulation of money and land. The empirical evidence, however, suggests that we ought to pay greater attention to the role some institutions may have played in such markets, a role which may have diverged from one society to another, as may have both the extent and the perception of their ‘morality’. This is the same conclusion some development economists have reached in trying to explain the failure of certain economic policies.²⁶

²² [Hoffmann, Postel-Vinay, and Rosenthal](#), *Priceless markets*. This idea of a ‘happy few’ has less prominence in [Postel-Vinay](#), *La terre et l’argent*, which deals with the whole of France.

²³ [Fontaine](#), *L’économie morale*, p. 98. See also [Milhaud](#), ‘Sacré crédit’; [De Luca and Lorenzini](#), ‘Not only land’, p. 190.

²⁴ Emphyteutic contracts, which survive from the middle ages onwards, played a key role in the agrarian transformation of Catalonia during the eighteenth and nineteenth centuries; [Vilar](#), *La Catalogne*; [Congost](#), *Els propietaris*.

²⁵ Application of Thompson’s concept of the ‘moral economy’ to credit, specifically to *rentes constituïdes*, can be found in [Postel-Vinay](#), *La terre et l’argent*, pp. 44, 88, 359; [Fontaine](#), *L’économie morale*, also uses the concept, although in her case, it is more in connection with credit through mutual societies.

²⁶ For example, [Hoff and Stiglitz](#), ‘Imperfect information’; see also [Stiglitz and Weiss](#), ‘Credit rationing’.

When development economists talk about the provision of cheap credit in rural areas, they are thinking, of course, about the possibility of using debt as a way of improving the situation of the less advantaged. If any historical cases should particularly interest them, it is, therefore, those where the process was a successful one. That is precisely the aim of our contribution: to analyse a specific historical case in which the initial hypothesis is that a significant part of the population managed to acquire wealth and leave poverty behind, thanks, in part, to money becoming cheaper. We shall thus challenge the idea that debt is always damaging to the poorest by exploring in which specific cases, and under which specific conditions, a reduction in the price of money had some positive effects on the distribution of wealth. Positive effects should in turn lead us to ask ourselves why the same did not happen in other societies.

II | CREDIT IN THE GIRONA REGION IN THE 18TH CENTURY

Our case study is the region of Girona, situated in north-eastern Catalonia. It is a fairly homogeneous region with respect to the types of contract found in notarial documents. Also, and this is crucial for our purposes, these documents use the same social descriptors. Historical documents clearly differentiate between *pagesos* and *treballadors*. The term *pagès* is ambiguous. In general, it was associated with those who resided in a *mas* (a self-sufficient farm) but could refer both to the owners of that farm, whether they were the cultivators or not, and to the sharecroppers associated with the farm (who might elsewhere be described as *masovers*). *Treballadors* (literally, ‘workers’) were those who earned a daily wage, although many of them also owned some plots of land. Amongst their ranks were to be found the poorest groups in rural society.

The region is also a good case study thanks to the existence of a rich source, the books of the Registry of Deeds (*Oficio de Hipotecas*) created in 1768.²⁷ This was a public registry, which registered summaries of all notarial deeds that contained any clause relating to a mortgage, whether specific or general, that affected any real estate property situated in the territory over which the office had jurisdiction. Unlike in other districts, the Girona notaries complied with the registry to a considerable degree, with the result that the registers are of high quality and coverage.²⁸ Initially, the Girona office covered an area of 3850 km² and a population of some 150 000 according to the 1787 census (figure 1).

Thanks to recent advances in automatic text recognition software for manuscripts, we have been able to completely transcribe all the volumes for the first five and a half years of the district registry for Girona (from July 1768 to December 1773), before this district was divided into four separate registry offices and some of the documents for the new districts were lost. This transcription has given us a total of 8700 contracts for credit operations signed before a notary, amounting to over 1 659 312 Catalan pounds (an average of 301 693 pounds a year). The amount of credit in circulation was, thus, relatively important (table 1), especially when we consider that this was basically a rural district. The annual total of contracts was not insignificant (10.5 loans per every 1000 inhabitants)²⁹, but of still more significance was that the median value was 100 pounds, the equivalent of 267 days’ wages for an unskilled labourer. This credit was essentially private

²⁷ On the *Registry of Deeds*, see Villalón, ‘Problemes de la informació’; Peña-Mir, ‘How well’; Milhaud, ‘Sacré crédit’; Cebreiro, ‘Circulación monetaria’; Arxiu Històric de Girona, Registre d’Hipoteques.

²⁸ Villalón, ‘Problemes de la informació’.

²⁹ Following the strict criteria applied by Postel-Vinay, *La terre et l’argent*, p. 41, when limiting the type of deeds to annuities and obligations, the frequency of operations (6.4) is lower than that estimated by this author for France without the large

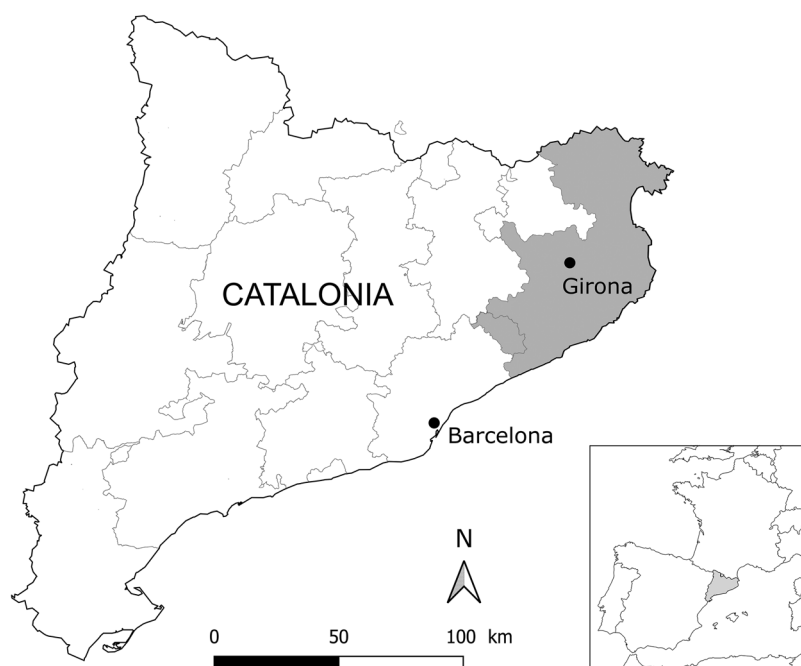


FIGURE 1 Area covered by the Registry of Deeds of Girona (1768–73). *Source:* Author creation based on the Registry of Deeds books

TABLE 1 Characteristics of the credit market, 1768–73

	Total	Treballadors
Population 1787	150 389	52 500
All types of loans		(As borrowers)
Mean number of loans in a year	1577	493
Total value of loans in a year (Catalan pounds)	301 693	45 798
Loans per year/1000 inhabitants (or <i>treballadors</i>)	10.5	9.4
Median value of loans (Catalan pounds)	100	70
Median value of loans (equivalent days of wage)	266.7	186.7
Annuities		(As borrowers)
Mean number of annuities in a year	651	193
Total value of annuities in a year (Catalan pounds)	144 080	20 668
Annuities per year/1000 inhabitants (or <i>treballadors</i>)	4.3	3.7
Median value of annuities	100	100
Median value of annuities (equivalent days of wage)	266.7	266.7

Sources: Population figures taken from Iglésies, *El cens del comte de Floridablanca*. The number of *treballadors* is an estimate based on their weighting in different localities according to previous research; Congost, Ros, and Saguer, 'Beyond life cycle'. Figures for loans and annuities are taken from Arxiu Històric de Girona, Registre d'Hipoteques, books 1–13. Equivalent wages are based on a typical wage for an unskilled labourer during the years in question (7.5 Catalan shillings per day).



credit, since only a tiny number of loans registered in the *Registre d'Hipoteques* involved public institutions.

The two main types of credit operation signed before a notary were annuities (*censals*) and obligations (*debtoris*). The first were, in theory, loans in perpetuity, with no defined length, though they could still be cancelled with the return of the original capital. The second required the loan to be repaid in the short to medium term, from within a few months to a few years. Other types of notarial credit were sales *a carta de gràcia*,³⁰ which, within a specified timeframe, allowed for the property to be recuperated in return for the capital, or *encarregaments*, the transfer of debts, usually in the form of annuities, as payment for another sale or other operation. The most important, however, were annuities, and this is one of the reasons for our focus on them here. Another reason is that the type of interest charged on annuities was explicit and limited by law.

III | THE FALLING INTEREST RATE AND THE CREDIT SUPPLY

As has been noted, we might expect a reduction of the maximum legal interest rate on annuities from five per cent to three per cent to provoke a fierce reaction from lenders and, thus, distort the functioning of the private credit market in at least two ways: by reducing the supply of credit, which would tend to flow towards more profitable activities, and by blocking the access to credit for social groups with fewer resources. In a competitive market with imperfect information, the expectation would be for lenders to be less prepared to lend to poorer debtors, as has been observed elsewhere.³¹

This article provides evidence that such a contraction in the supply of credit did not take place in the Girona region, and neither was access to credit by the poorer sorts limited. Although not the main aim of this article, it is still worth asking how the supply of credit was maintained even with the reduction in the maximum legal interest rate. Did the explanation lie in increased liquidity among lenders? Were borrowers able to offer better security? Were they more disposed to pay?

In the place and region under study, a considerable part of the supply of credit came from the church. It did not, strictly speaking, have a monopoly over credit, as it did not act as a centralized lender but rather acted through multiple institutions which were only partially coordinated, and it was only responsible for about 50 per cent of all loans (adding together the three main forms of credit: annuities, obligations, and sales *a carta de gràcia*). Nevertheless, the church was central to

towns in 1780 (14.6 loans/1000 inhabitants). However, it would be at similar levels as in Lisbon in 1740 (6.1 contracts/1000 inhabitants) and well above Antwerp (1.8) and Amsterdam (2.4); [Costa, Rocha, and Brito](#), 'Alchemy of gold', p. 1159.

³⁰ A sale *a carta de gràcia* is one in which the vendor reserves the right to recover the sold asset. The operation of recovering it is known as a *retrovenda*, that is, repurchase. In practice, the sale *a carta de gràcia* amounts very much to the same as a repurchase/re-lease agreement, the difference being the one mentioned above. *Retrovendes* were rare but far from unknown. With *obligations*, deadlines are established, and sometimes it is stipulated that, should the debtor fail to repay the capital, he would have to sell to the creditor *a carta de gràcia* a piece of land clearly specified in the deed.

³¹ This was the case with the French reform of 1766, which affected the '*rentes constituées*'. The decision to reduce the interest rate from five per cent to four per cent is supposed to have brought about a sudden contraction of the credit supply. This would explain why the Decree only lasted four years; [Grenier](#), *L'économie*, pp. 196–8; [Postel-Vinay](#), *La terre et l'argent*, p. 94. In England, annuities dropped to 3.5 per cent during the Seven Years' War. As early as 1691, [Locke](#), *Some considerations*, predicted that a reduction in interest rates from six per cent to four per cent would see a withdrawal of credit and a brake on economic activity, without a corresponding rise in the price of land. See also [Temin and Voth](#), 'Interest rate restrictions'.



the supply of credit. The remainder, particularly in the form of obligations, consisted of numerous private lenders, operating in a peer-to-peer system. Thirty years after the reduction in the legal maximum interest rate, annuities retained their importance (accounting for 48 per cent of contracts and 41 per cent of the value of the capital), and as we have noted, they were loaned above all by ecclesiastical institutions. In fact, in Girona and elsewhere in Catalonia, annuities continued to be the most important type of loan until the 1790s, when according to some contemporary sources, the disentanglement laws were the determining factor in dissuading potential lenders from offering credit by means of this contract.

Why did the Catalan church maintain this preference for annuities? In part, annuities, as disguised loans, avoided the canon laws against usury, which prohibited lending at interest. Also important, however, was the Catalan church's decision to make it obligatory to reinvest the capital derived from the repayment of annuities in other annuities, regardless of the interest rate. A set of decrees approved in 1727 by the Catalan Synod obliged all religious institutions, including monasteries, to reinvest any redeemed *censals* in new *censals*.³² Although in some dioceses, religious institutions did not follow this rule and invested in other, more profitable activities, the Girona region followed the 1727 decrees approved before the reduction in the interest rate.³³

Moreover, bequests to the church in wills, abundant throughout the eighteenth century, provided a constant flow of cash income, which gave ecclesiastical institutions liquidity but also a need for investments, since the bequests needed to generate regular funds with which to pay for periodic religious rituals in memory of the dead. An important number of the religious institutions that acted as lenders were endowments (*fundacions*) set up by wealthy peasant families and the charitable foundations (*causes pies*) established by priests upon their death, using the funds from said endowments.³⁴ The creation of *fundacions* and *causes pies* stayed at a high level up to the 1780s, providing a considerable stock of capital which ecclesiastical institutions invested in annuities.

Aside from the church, we should also note the presence of an atomized universe of lay lenders. These made short-term loans (obligations) above all, but they also provided around 20 per cent of the capital invested in annuities. While it is likely that the proportion of lay lenders did fall over time, particularly after the reduction in the interest rate, it is still striking that many continued to lend money and that they did so to *treballadors* more than to any other social group. They thus took on part of the risk of lending to *treballadors* even though, unlike ecclesiastical institutions, they had no obligation to do so.

What motivated them to do so was not charity, or 'moral economy' considerations, but the tight relationship between the credit market and the land market, including emphyteutic transfers. A good part of the credit supplied to *treballadors* was linked to the acquisition of fixed property. Often it was the lenders themselves who were ceding the land, which often took the form of plots that those acquiring them would be obliged to clear, plant with vines, or build a house upon and which gained in value as a result. This increase in value, in a context of intense agrarian expansion,

³² Vives, *Usages y demás derechos*, II, pp. 87–92.

³³ In general, studies on Catalonia confirm the persistence of the *censal* after the decree of 1750. See Ferrer-Alòs, 'Censals'; Tello, 'Crisis del antiguo régimen'; Vives, *Usages y demás derechos*, III, pp. 100–1. Only the study of one family of lay creditors by Torras Ribé, *Evolució social*, and the work of Ramon-Molins, 'Censals i endeutament', on Lleida and idem, 'Mecanismes d'endeutament', on the Garrigues, refer to a crisis. In Valencia, according to Andrés Robres, *Crédito y propiedad*, and Peset, 'Del censo consignativo', the church was subject to fewer restrictions on the purchase of land than in Catalonia, and thus, Valencia saw a clear deviation of capital towards real estate after the decree.

³⁴ On this matter, see Marquès, 'Fundacions de causes pies'; Ferrer-Alòs, 'Censals'.



mitigated the risks for lenders in converting the costs of an emphyteutic acquisition of land into a mortgage.

The majority of notarial contracts record the legal maximum interest rate for these loans. The sources used here do not provide any other indication of interest rates. It would seem, therefore, that the only possibility for borrowers to obtain a reduction would be if delays allowed them to negotiate over the unpaid interest.

In sum, therefore, both the liquidity and availability of capital on the part of the lenders, especially the church, and the improvements to property by debtors, aided by access to property rights via emphyteusis, provide an explanation for why the reaction of lenders to the fall in the interest rate did not inevitably lead to a restriction in the supply of credit to *treballadors*.

IV | ANNUITIES BEFORE AND AFTER THE DECREE OF 1750

We have an exceptional source at our disposal with which to examine the impact of the 1750 statute on the local credit market, a source that records the stock of *censals* in existence 25 years after the decree. In response to an inquiry from the Colleges of Notaries of Girona and Barcelona, the Real Audiencia (the highest governing body in Catalonia) ordered in 1774 the registration with the mortgage registry of all old annuities still extant. In 1775, the creditors of the Girona district, mostly members of the church, took their records along to the various branches of the registry and registered their annuities one by one, including the date when these were created.³⁵ A total of 3604 deeds were registered. The perusal of these documents allows us to identify with a considerable degree of confidence any changes that may have occurred after the 1750 decree.

True, the representativeness of the sample depends partly on the usual duration of an annuity. Even though annuities were loans made in perpetuity, they could still be cancelled at any point if the capital were repaid, and thus, if the number of cancellations were significant, it might distort any chronological series constructed from a given starting point. However, the number does not appear to have been significant. One of the purposes of the 1775 registration was precisely to make a record of all the future redemptions (*lluïcions*) of annuities. We have counted 240 of these, amounting to less than ten per cent of the annuities recorded as extant in 1775.³⁶ The median duration of each cancelled loan (the number of years between the creation of the *censal* and its redemption) was 59 years. In other words, the redeemed annuity would originally have been set up by the redeemer's grandfather. In fact, 24 of the recorded *lluïcions* date from after the disentailing laws of 1855.³⁷ Of equal interest, however, is the fact that most registered annuities were not redeemed during the period in question.

Bearing all this in mind, the data seem to confirm the impression that the volume created after 5 July 1750 represented an increase in relation to the 1740s, whether we take for comparison a short period of 5.5 years before and after the measure or if we take a longer period of 16.5 years (table 2). This impression, which contradicts the theory of a significant reduction in the supply of credit following a drop in the interest rate, is also confirmed by the high number of *censals* recorded on the mortgage registry books from 1768 onwards. In a close analysis of all the new deeds

³⁵ Arxiu Històric de Girona, Registre d'Hipoteques, 173, 174, and 175.

³⁶ There are also some partial repayments, which we have not taken into account here; their record seems to confirm the reliability of the source.

³⁷ The disentailing laws of 1855 established, in the case of cash payment, a capitalization of 10 per cent if the value of the *censal* did not exceed 60 *reales*, and eight per cent for higher values.



TABLE 2 Creation of annuities before and after the statute of 6 July 1750

Terms of comparison	Period	Number of annuities (<i>n</i>)	Annuities issued by the church (%)	Mean value ^a	Median value ^a	Debtors who were <i>treballadors</i> (%)	Annuities issued to <i>treballadors</i> by the church (%)	Mean value of annuities to <i>treballadors</i> ^a	Median value annuities to <i>treballadors</i> ^a
Short term (5.5 years)	Before the decree	269	88.1	163.4	100	16.5	83.3	71.9	60
	After the 6 July 1750 to decree	199	93.3	236.5	100	19.1	89.5	83.3	70
Long term (16.5 years)	Before the 1734–50 decree	672	82.6	182.0	100	16.7	71.3	68.1	50
	After the 1750–67 decree	1122	89.2	232.1	100	21.1	84.7	94.4	100

Source: Arxiu Històric de Girona, Registre d'Hipoteques, 243 and 244.

^aValue in Catalan pounds.

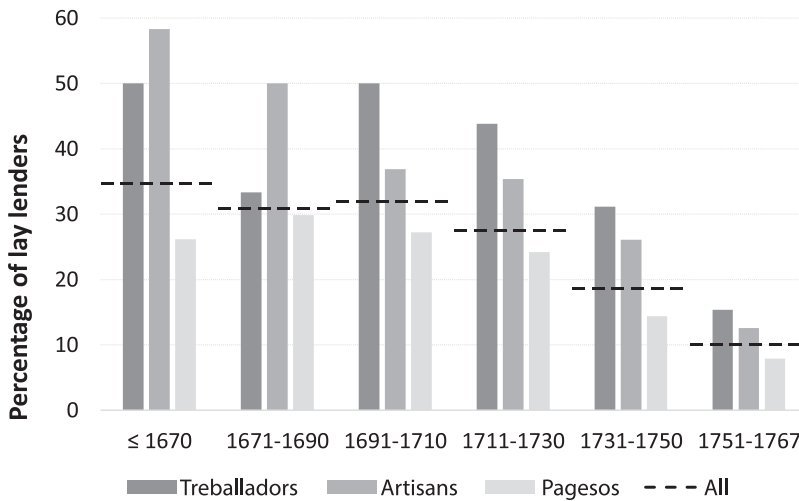


FIGURE 2 Percentage of borrowers in each occupational category borrowing annuities from lay lenders.
 Source: Arxiu Històric de Girona, Registre d'Hipoteques, 243 and 244

registered between 1768 and 1773, we have documented a total of 710 redemptions of annuities versus 3579 creations. The median duration of the 59 redeemed annuities in 1771 for which the date of creation is known is approximately 23 years. Nevertheless, these 3579 new creations strengthen our hypothesis that annuities were, in a considerable number of cases, conceived of as investments taken on added strength. In fact, the majority of annuities that fell under the provisions of the disentailing laws of 1855 had been created between 1750 and 1800, which also reinforces the hypothesis of a growth in the number of annuities during the second half of the eighteenth century.

The most interesting information offered by the annuities registered in 1775, however, relates to the evolution in the number and the nature of lenders (*censalistas*) and borrowers (*censataris*). The church maintained its position as a key lender in the annuities market, the main source of credit. Both table 2 and figure 2 show a relative increase in this regard, though here the picture may be distorted by the degree of compliance with the 1774 decree when it came to registering existing annuities and by the pattern of redemption of loans. In fact, as we shall see later, the church was less important as a lender between 1768 and 1773 (figure 3). This last point is significant because it demonstrates that the fall in interest rates not only had no effect on the supply of credit by religious institutions but also had no effect on the supply by other social groups, particularly the peasantry.

Amongst the borrowers, we should note the position of the *treballadors*. Their presence increased progressively over time, and thus, it is reasonable to suppose that the fall in interest rates allowed them easier access to credit. The importance of this decree for the *treballadors* is evident in one of the few memoirs that survive for this social class.³⁸ Figure 2 shows no apparent change in trend before 1750, but the increase following the decree is a significant one, from 16 per cent to over 21 per cent. Admittedly, this figure might seem still rather low, bearing in mind that around 1750 *treballadors* must have made up 30 per cent of the population, but it appears more

³⁸ Congost and Sagner, 'Mémoires humbles'.



significant if we remind ourselves that we are talking about the supposedly poorest section of society. More importantly, no other group experienced an increase worthy of notice. Considering the likely overall increase in the number of annuities, this relative increase reflects, in all probability, an even more important increase in absolute terms in the number of *treballadors* borrowing money through annuities.³⁹

The idea that *treballadors* sought credit because they found themselves in financial straits is cast seriously into doubt when we analyse the evolution of the median borrowed sums before and after the decree (figure 2). The *treballador* category is the one for which the median value of *censals* increased most significantly after 1750, going from 50 Catalan pounds for the 1733–50 period to 100 pounds for 1750–67 period and catching up with the median value for all categories (table 2). The trend would seem to be that *treballadors* increasingly made use of credit to acquire assets rather than resorting to it for survival.⁴⁰ All the signs, in sum, point to an increasingly active presence of *treballadors* in the world of credit after the decree of 1750.

V | *TREBALLADORS* IN THE CREDIT MARKET (1768–1773)

A systematic look at all the deeds recorded in the books for the first 5.5 years of the mortgage registry (1768–73) allows us to observe, firstly, the behaviour of the money market in the region of Girona and, secondly, the presence of *treballadors* in this market twenty years after the decree on interest rates. As already noted, there were in that period in total 8700 credit-related notarized deeds, of which 41 per cent were annuities and the rest obligations (24 per cent), transfers (*encarregaments*) of annuities (22 per cent), and sales *a carta de gràcia* (13 per cent) (table 3). The area involved is now considerably larger than that in the previous analysis; the data are, therefore, not entirely comparable. This does not affect, however, the trends already identified. Church-issued *censals* continued to predominate, accounting for 74 per cent of these contracts and 82 per cent of capital.

Figure 3 shows, firstly, that the presence of *treballadors* amongst borrowers was high in relative terms, since they were now involved in 29 per cent of all annuities and 14 per cent of the capital. Also, when we look at the source of these loans, the *treballador* group remained the one with the highest participation of lay lenders (figure 2). As for the value of the *censals* created by *treballadors*, the median value stayed at 100 Catalan pounds. If we follow Postel-Vinay in taking the mean value of four hectolitres of grain (28 Catalan pounds), equivalent here, as in France, to 75 days' wages for an unskilled labourer, as the threshold between obtaining credit for subsistence and credit to invest in property, we can conclude the flow of credit in the form of annuities, given its value, was towards the latter.⁴¹ A total of 95 per cent of annuities loaned to *treballadors* were above this threshold, and the majority (69 per cent) were between 50 and 150 Catalan pounds.

However, we can go further in our analysis by looking at all activities related to credit and at *treballadors'* involvement in them. Table 3 shows that *censals* clearly dominated the credit market, whether through the creation of new ones or their transfer from one debtor to another, usually in association with a land purchase. The percentage of *treballadors* among debtors (31.3 per cent) was

³⁹ A perusal of some of the files deposited by religious organizations in the Diocesan Archive of Girona shows that more *censals* were created during the second half of the eighteenth century than the first; Congost, *Els propietaris*, p. 202.

⁴⁰ The sum of 100 Catalan pounds was equivalent to 266 days' wages for an unskilled labourer or 16 hectolitres of wheat at local prices of 1748–52.

⁴¹ Postel-Vinay, *La terre et l'argent*, p. 56.

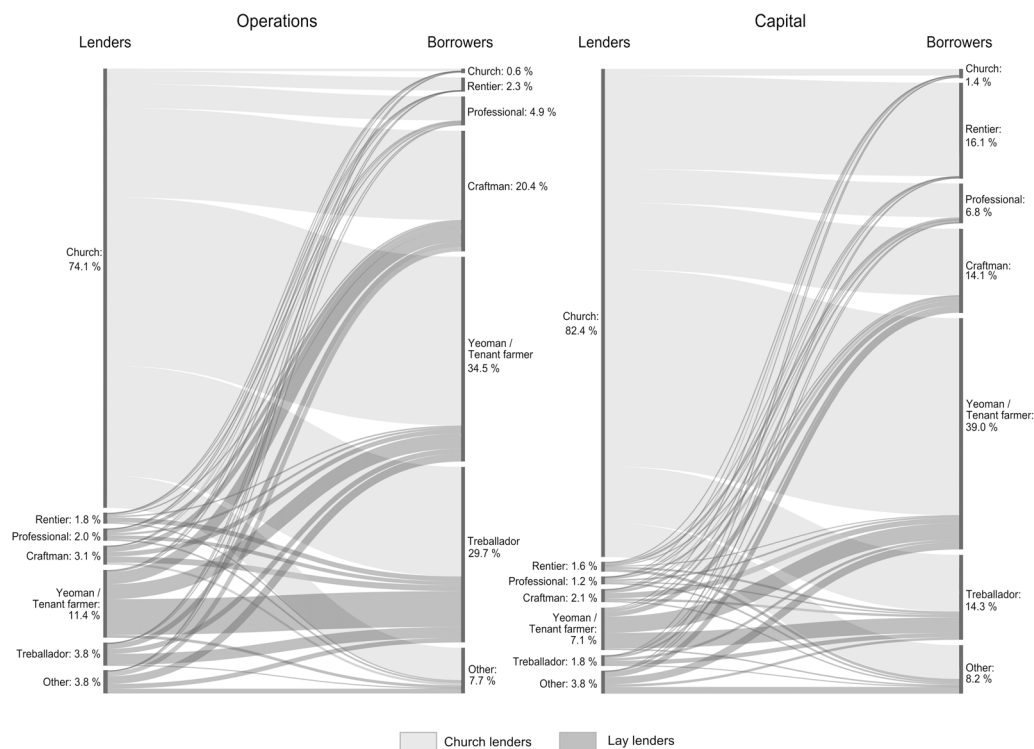


FIGURE 3 Socio-professional status of lenders and borrowers in annuities (1768–73). *Note:* ‘Church’ here refers to a wide range of religious, parishes, and diocesan institutions; religious orders; charitable organisations; and others. It also includes charitable foundations and benefices and, finally, also credit operations carried out by ecclesiastics in a lay capacity, that is, administering their personal property. *Source:* Arxiu Històric de Girona, Registre d’Hipoteques, books 1–13

TABLE 3 Deeds involving credit operations (1768–73)

Type of deed	Number of deeds (A)	Percentage of A (%)	Number of deeds of <i>treballadors</i> as borrowers (B)	$B/A \times 100$	Percentage of B (%)
Annuities	3580	41.1	1061	29.6	39.0
Obligations	2085	24.0	605	29.0	22.2
Transferred annuities	1881	21.6	687	36.5	25.3
Sales <i>a carta de gràcia</i>	1154	13.3	367	31.8	13.5
Total	8700	100	2720	31.3	100

Source: Arxiu Històric de Girona, Registre d’Hipoteques, books 1–13.

not all that different, then, from their percentage in the population as a whole (33 per cent).⁴² The only area where it starts to become somewhat significant is where *censal* transfers were involved, that is to say the kind of operation in which, more often than not, the debt was associated with the purchase of a house or a piece of land.

⁴² Congost, Ros, and Sagner, ‘Beyond life cycle’.

**TABLE 4** Involvement of *treballadors* in various credit transactions (1768–73)

Type of deed		As debtors (A)	As creditors (B)	Balance	
				A – B	%
Annuities	Deeds	1061	136	925	67.0
	Capital	113 674	13 893	99 781	76.7
Obligations	Deeds	605	316	289	20.9
	Capital	37 823	26 314	11 509	8.8
Transferred annuities	Deeds	687	557	130	9.4
	Capital	67 588	46 547	21 041	16.2
Sales <i>a carta de gràcia</i>	Deeds	367	330	37	2.7
	Capital	32 211	34 395	–2184	–1.7
Total	Deeds	2353	1009	1381	100
	Capital	219 085	86 754	130 147	100

Source: Arxiu Històric de Girona, Registre d'Hipoteques, books 1–13.

Table 4 forcefully reveals the overwhelming importance of the *censal* for *treballadors*. Although the reason for a *censal* is rarely specified, the analysis of the few instances in which it is shows that, at minimum, 19 per cent of all *censals* were directly linked to a land purchase or an emphyteutic lease (*establiment*), and in those contracted by *treballadors*, this figure rises to 33 per cent. All this leads us to one final analysis, this time focusing on the land market and the means of gaining hold of land in general.

VI | BEYOND CREDIT: WAYS OF ACCESS TO LAND

The active presence of *treballadors* in the credit market has revealed the importance land had in their affairs. As we have also said, probate inventories show that the median size of plots owned by the *treballador* group increased substantially during the second half of the eighteenth century. We must now widen our approach by taking a look at the two main means of acquiring land.

Table 5 shows that, overall, purchases accounted for 60 per cent of registered transactions. By contrast, for *treballadors*, there was a more or less even split between purchases and emphyteutic contracts. In both categories, we find a small number of contracts giving a *treballador* a plot of land on which to build a house. Otherwise, small tracts of land predominate. The size of the plots is very similar between purchases and emphyteutic contracts: a median of 0.66 hectares. The main difference lay, no doubt, in the quality of the land: in the case of emphyteutic contracts, this was usually woodland or waste land, which was also the kind of land on offer through *rabassa morta* contracts.⁴³

As we have already done with credit, we need to look at the differences between those *treballadors* who were acquiring land and those who were relinquishing it. The result is perhaps more surprising than was the case of credit. As we all know, the idea of peasant expropriation through debt features much more frequently in agricultural history than that of a prosperous peasantry. The figure of the small farmer who, caught up in a web of debt, ends up losing his land is a familiar

⁴³ *Rabassa morta* contracts can be seen as a variant of the emphyteutic contract, but one specifically associated with winegrowing; Giral, 'Conflicto "rabassaire"'; Ferrer-Alòs, *Pagesos, rabassaires i industrials*.

**TABLE 5** Participation of *treballadors* in land transfers (1768–73)

	Number of deeds (A)	Number of deeds acquiring land taken out by <i>treballadors</i> (B)		Number of deeds transferring land taken out by <i>treballadors</i> (C)		Balance	
		Percentage of A (%)	Percentage of B (%)	Percentage of B (%)	Percentage of C (%)	B – C (D)	Percentage of D (%)
Purchases	4028	64.6	50.3	1237	94.5	207	13.3
Emphyteutic contracts	2750	35.4	49.7	73	5.6	1354	86.7
Total	6778	100	100	1310	100	1561	100

Source: Arxiu Històric de Girona, Registre d'Hipoteques, books 1–13.



TABLE 6 Spearman's correlation coefficient for the number of annuities (new and transferred) per municipality and the number of land purchases per municipality (1768–73)

	Purchases	
	All	Treballadors
Annuities (new and transferred)	0.543**	0.667**

Note: Calculated as number of cases per 1000 inhabitants. $N = 169$; ** p -value < 0.01 , * p -value < 0.05 .
Source: Arxiu Històric de Girona, Registre d'Hipoteques, books 1–13; population figures taken from Iglésies, *El cens del comte de Floridablanca*. The analysis was limited to the municipalities corresponding to the Registry of Deeds of Girona.

one. However, table 5 reveals that, between 1768 and 1773, *treballadors* acquired land more often than they transferred it.⁴⁴ The balance between the two confirms the picture of the *treballador* as a net buyer or acquirer of land. Emphyteutic contracts, it is true, did not confer full, unfettered ownership, but they allowed the holder, amongst other rights, to raise a mortgage on the purchased piece of land.

To what extent did such transactions entail the payment of consequential sums of money? Purchases accounted for approximately half the transactions giving a *treballador* access to a plot of land. In many cases, the *treballador* signed a loan agreement on the same day, thus precluding the need to supply his own funds. These might come from an external source in the form of a *censal*, but in most cases, there was simply a transfer by the seller, who was often not a *treballador*, of his own debt in the form of a transfer of annuities (*encarregament*).

Out of a total of 1881 contracts involving such a transaction, 88 per cent were associated with the acquisition of real estate (mostly land but also houses or plots on which to build houses). In the case of the share of those contracts signed by *treballadors* (687), the corresponding percentage is 90 per cent. In many cases, the purchase of land did not require a great capacity for saving and investment. Table 6 compares the number of credit transactions (*censals* and *encarregaments*) with purchases of land per 1000 inhabitants, using current municipalities as the unit of analysis. The results show a positive and statistically significant correlation between the two sets of variables. For the purposes of this study, it is particularly relevant that the coefficient for *treballadors* is higher than for the total population, thus reinforcing the idea that access to credit allowed them to acquire land.

In some cases, we know that creation of an annuity was linked to an entry payment (*entrada*) for an emphyteutic contract. However, this means of acquiring land, the emphyteutic contract, whether in perpetuity or of the *rabassa morta* kind, did not necessarily demand the provision of capital. Many did not require an entry payment at all, or if they did, it was a very small one. We know that, in 2750 emphyteutic contracts recorded by the mortgage registry between 1768 and 1773, in only 590 cases, that is, in little over 20 per cent of the total, the entry payment amounted to 100 Catalan pounds or more.

As we have seen, then, *treballadors* were involved in more than half the number of emphyteutic contracts. As for the quality of the land, more than 75 per cent of those contracts related to waste land and/or woodland, and the *treballadors'* share of these rises to close to 60 per cent. Given that in the majority of these transactions the capital involved was minimal, it might seem like a

⁴⁴ It may seem surprising that in this study we do not take into account the age of sellers or buyers. In fact, in a system of impartible inheritance, purchases were often signed jointly by father and son. What is certain, however, is that neither the life cycle effect nor the hereditary system can explain why 591 *treballadors* acquired land and 313 transferred it.



stretch to associate the rise in emphyteutic contracts with the decree of 1750. It may not be much of a reach, however, if we remind ourselves of the interesting redefinition of property rights which was taking place in the region towards the middle of the eighteenth century.

VII | THE CONTEXT: A PROCESS OF REDEFINITION OF PROPERTY RIGHTS

What things could one mortgage? This question places our subject matter at the heart of the property rights issue. It is important to realize that an asset possessed in emphyteusis or even sub-emphyteusis could be mortgaged. Now, we have already seen that it was thanks to this type of contract that, in the course of the second half of the eighteenth century, a great deal of waste land and/or woodland was ploughed up and planted with crops, mostly by *treballadors*.

A sample taken from the records of various notarial offices in the region shows that the increase in *censals* related to emphyteutic contracts is a phenomenon from the second half of the eighteenth century, which seems to confirm that the 1750 decree played an important role in this respect.⁴⁵ The first such significant cases in this notarial sample, which begins in 1700, date from 1760–5. In those years, some owners granted emphyteutic contracts, simultaneously taking on *censals* for the same value as the entry payment. They were: a nobleman, the Count of Creixell; a notary, Francesc Nualart; a *pagès* from Garriguella, Isidro Ferran; and the convent of Sant Domingo in Castelló d'Empúries.⁴⁶ We know that, in the years 1765–68, Nualart and Ferran continued to figure in a good number of the same type of contracts and that, in all of them, the payment of the entry payment involved the creation of a *censal*. The contracts were *rabassa morta* contracts; the annual rent demanded was relatively low in all cases (one-eighth of the grapes) and the vast majority of the tenants were *treballadors*.

The same sample shows not only a significant increase in emphyteutic contracts, many of which did not require an entry payment but rather, equally important, a change in the identity of those who were granting them. During the first half of the eighteenth century, most emphyteutic contracts had been granted by those we might loosely term lords of the manor, more precisely the holders of the dominium directum (*senyors directes*) and/or by village councils. During the second half of the eighteenth century, it was the holders of the dominium utile (*senyors útils*), holding the land in emphyteusis themselves, like Ferran and Nualart, who, acting to all intents and purposes like absolute owners, took the initiative to bring under the plough, by means of subemphyteutic contracts, significant tracts of waste land or woodland previously open to pasture. Thus, many *senyors útils* took advantage of resources which had previously been of common use and were also coveted by some *senyors directes*.

This focus on common land is reflected in a boom in applications for so-called *bans* (enclosure orders) during the second half of the eighteenth century. By applying to the Crown for public official banning proclamations, *senyors útils* sought to prevent entry to waste land or woodland, arguing that it formed an integral part of their *masos* (rural estates), which were thus

⁴⁵ We looked at emphyteutic contracts for the years ending in zero and five in the notarial records of Castelló d'Empúries, Girona, and La Bisbal, between 1700 and 1765; Congost, Gifre, and Saguer, 'More than just access to land'.

⁴⁶ The cases cited correspond to the years 1760 and come from the following notarial references: Arxiu Històric de Girona, notarial, Castelló d'Empúries, 1666, 1709, 1713, and 1785. That same year, the councillors of the village of Roses, as *senyors directes*, leased, via emphyteusis, plots of waste land to a group of commoners, under the proviso that they pay the interest on a *censal* of 400 pounds or jointly redeem it.



TABLE 7 Emphyteutic contracts and *censals* listed in Isidre Ferran's post-mortem inventory (1779)

Year created	Emphyteutic contracts	Annuities
1710–19	7	–
1720–9	3	–
1730–9	17	–
1740–9	6	–
1750–9	29	36
1760–9	60	43
1770–9	108	80

Source: Arxiu Històric de Girona, notarial, Ca 1738, 6.07.1787.

subjected to damage through continuous communal use. There are strong reasons to believe that the correlation between the increase in *bans* and the increase in emphyteutic contracts and, indirectly, *censals* is more than a coincidence. The example of Isidro Ferran, who was eventually ennobled for his role in settling the mountainous Colera, points strongly in this direction. His probate inventory, taken in the year of his death, 1779, lists 230 emphyteutic contracts – inherited or entered into himself – most of them a *rabassa morta*, and 159 *censals*. All of the *censals* were associated with emphyteutic contracts.⁴⁷ As table 7 shows, 199 (86.5 per cent) of those 230 contracts and all of the 159 *censals* were signed after 1749. It is hard to believe that the same number of transactions would have taken place had the interest rate remained at five per cent.

Isidro Ferran's activity illustrates the changes in property rights we are describing. In 1754, this farmer applied for two *bans* to enclose some of 'his' lands. Both *bans* were challenged, but in the end, Isidro Ferran had his way and executed hundreds of contracts on the lands of the two parishes. Most of them were granted to *treballadors* in association with the creation of a *censal* for the total amount of the entry payment. The origins of Ferran's two initiatives are revealing. The first enclosure order was an angry reaction to the regulation of grazing rights, which, in those years, many village councils had begun to impose upon their commoners; the second was a clear challenge to the rights of the *senyor directe*.⁴⁸ Indeed, Ferran's inventory in 1779 also reveals that, between 1766 and 1773, he had paid nigh on 3000 Catalan pounds to lawyers and notaries from Barcelona for suits and related legal expenses.

Whatever their origins, during the second half of the eighteenth century, *bans* spread like wild-fire throughout Catalonia. The risk of proletarianization was, therefore, high for the Catalan *treballadors*. This is where *censals* and emphyteutic contracts appear to have played an important role by facilitating access to money and land for members of the poorer groups. Whereas, to an indebted landlord, the drop in the interest rate from five to three per cent might mean a significant relief in their economic situation, in the case of producers the low interest rate might represent the ability to acquire a small estate in the long term through the year-by-year accumulation of savings, meagre as they might be. It must also be borne in mind that *treballadors* who had acquired land in emphyteusis in the earlier period would continue to pay very low rents. In the case of the emphyteutic tenant of a plot of waste land, acquired at a much lower price, it is reasonable to think that the producer could save the value of that piece of land in a much shorter

⁴⁷ Arxiu Històric de Girona, notarial, Ca 1738, 6.07.1787.

⁴⁸ Congost, 'Pratiques judiciaires'.



time than the buyer of land already brought under the plough. Moreover, if, at some later time, such an emphyteutic tenant or one of his heirs decided to sell the plot, rent it out, or lease it in sub-emphyteusis, its previous upgrading to arable land would also unquestionably translate into a nice profit.

It might appear, then, that it was the emphyteusis formula, combined with the existence of waste land for colonisation which favoured the empowerment of the *treballadors*, rather than the drop in the rate of interest. We cannot forget, however, the close links that seem to have existed between emphyteutic contracts and *censal* creation, as we have seen in the case of Ferran. One must also bear in mind that the change of waste land to arable land required extra investment of labour and capital and that it was the possession of land, whether in full ownership or in emphyteusis, which gave access to cheap money, which the simple leaser of land could never afford. Lastly, emphyteutic practices, which make all comparison between land rent and interest rates extraordinarily complicated, both reflected and influenced momentous changes in property rights. Furthermore, in terms of the direction such changes might take, the economic opportunities that cheap credit opened up for *treballadors* could be decisive.

We see, then, that, although there are many reasons to think that the initiatives in land reclamation undertaken by the wealthy farmers during the second half of the eighteenth century were not meant to benefit the *treballadors*, starved of land but lacking capital, it would be a mistake to see *treballadors* as the victims, and nothing else, of this process. The notable presence of *treballadors* in the boom in emphyteutic contracts, in credit operations, and in the purchase of land highlights the existence of a process of formation and consolidation of a social group with its own identity. The *treballadors* of the Girona region had bargaining power and, in all likelihood, took advantage of it. Here, one can bring in two facts about this social group at the end of the century. The first is the emergence of a new label to define themselves, that of *menestral*. The name *menestral* suggests greater economic independence than that of *treballador*.⁴⁹ The second is the fact that *rabassa morta* leases decreased in favour of emphyteutic leases in perpetuity. This gave the group more stability in terms of property rights and, again, more autonomy in economic decision-making.⁵⁰ Among the various hypotheses that may be put forward regarding this process, we focus on the one that sees *treballadors* as ready to stand up for themselves and, despite many things going against them, renegotiate the conditions of access to land.

VIII | CONCLUSIONS

In recent decades, the study of credit in pre-industrial societies has been profoundly revised. Today we no longer see those with debts solely as victims of usury, and we know that intermediary agents, such as notaries, could play a decisive role in credit operations.⁵¹ However, we still know very little about the role of the poorest groups in these credit operations.

This article has examined the participation in credit and land markets of the poorest social group, the *treballadors*, in the Girona region during the second half of the eighteenth century. The Girona case is an example of how some of the poorest social groups were able to benefit from a situation which, in one light, could be seen as a reinforcing of the moral economy against

⁴⁹ Congost, 'Més enllà'.

⁵⁰ Congost and Sagner, 'De contractes de rabassa morta'.

⁵¹ Schofield and Lambrecht, *Credit and the rural economy*; Hoffman, Postel-Vinay, and Rosenthal, *Priceless markets*.



the takeoff of the market economy and agrarian individualism. Access to credit was facilitated by the lowering in 1750 of the interest rate to three per cent, one of the lowest rates in Europe. This reduction in interest rates did not affect the supplying of capital, dominated by ecclesiastical institutions, and helped the upward mobility of some of the *treballadors* of Girona, who by the end of the eighteenth century sought to distinguish themselves with a new socio-economic label of *menestrals*. This improvement did not occur elsewhere in Spain or everywhere in Catalonia. It is possible, as some authors have argued, that in other areas the reduction was followed by a contraction in the credit supply. However, our case study reveals that this did not always happen, and therefore, it is important to analyse why. The key in the region of Girona was the close tie between emphyteusis and the *censal*, two traditional contracts for getting hold of land and money, and the adaptability of these. A full understanding requires us to take into account the attitudes and interests of different social actors.

The reduction in interest rate was not introduced to help the poor. If the measure did play an important role in the social improvement of some of the poorer groups, this should not be attributed to its proponents. However, neither should we attribute it to mere chance. Rather, we must seek an explanation in the dynamic nature and the aspirations of the more disadvantaged social groups.

Up to a point, at least, our result fits well with the idea that cheap credit can help the poor find their way out of poverty. Why does it seem so unexpected, then? In all likelihood, it is because, in this field, we are not very used to analysing successful cases, and even less to seeing them as the result of a bottom-up process. It must be noted that the novelty of our historical case lies not so much in the type of contracts involved as in the social uses they were put to. Moreover, these uses are difficult to observe if we do not examine the parallel processes of the redefinition of property rights and the making of new social groups.

It is unlikely we would have arrived at this conclusion if we had not questioned two tendencies which, in our opinion, remain too entrenched in many historical studies. The first is the tendency to see the results of certain reforms as expected. We would do well to remind ourselves in this respect of Merton and Hirschman's reflections as to how easy it is for intellectuals to assume any social improvement as impossible.⁵² The second is the tendency to view debt among the lower classes more as irrefutable proof of their poverty than as a possible sign of their initiative, thereby failing to heed the recommendation of Sen to see the impoverishment or enrichment of populations as something that depends, above all, on their own capacity for initiative.⁵³ For these reasons, our study aims to be a rallying call for histories of credit and land ownership both to integrate better the analysis of social differences and to include the poor.

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⁵² Merton, 'Unanticipated consequences', p. 895; Hirschman, *Rhetoric*.

⁵³ Sen, *Poverty*.



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