What did 19th century farmers need a savings bank for? The life cycle, saving, and its substitutes (a case study)

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Historisches Seminar der Universität Münster

Paper presented at the Séminaire d'histoire économique, Paris, ENS

January 21 2008

Preliminary version – please do not cite without permission

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For the rural as well as for the rest of the population the 19th century was determined by increasingly denser capital markets that laid the foundations for active asset management. More and more peasants were able to participate in those markets, as most of the (asynchronous) agrarian reforms in the German states emancipated them from the obligations towards their landlords and parishes and led to the development of modern property rights.[1] Thus by the middle of the 19th century Westphalian peasants did not have to ask their landlords' permission, if they wanted to sell parcels of land. Likewise, they could take credits and mortgage their farms from then on without the landlord's approval. With land registers kept by local courts the government furthermore created an institutional frame for the land and credit market. Furthermore, the first financial institutions were introduced at that time. After the first savings banks had emerged in major cities at the end of the 18th century, from the 1820s a growing number of the rural population were able to use these institutions for their personal financial transactions. To satisfy one and the same need, a peasant could now choose from several options. If he needed money for instance, he could sell land, take a loan or use his savings (provided there were any).

We asked ourselves how the land market, the credit market and private investment were interrelated with each other, how they mirrored the peasants' economic behaviour and whether they adjusted their behaviour to the growing opportunities. To answer these questions, we analysed the Westphalian parish of Borgeln, which included 900 inhabitants in 1830. The people from Borgeln produced grain on fertile soil for the developing Ruhr area. They therefore belonged to one of Westphalia's wealthiest agrarian parishes.[2] A Soest-based savings bank was five kilometres away and offered its services to Borgeln's citizens from 1825 on, allowing interests on deposits and lending money.[3]

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1 For an overview, see Christof DIPPER: Die Bauernbefreiung in Deutschland 1790-1850, Stuttgart et al. 1980. Important case studies on Grundkostenablösungen come from Hartmut HARNISCH: Kapitalistische Agrarreform und Industrielle Revolution. Agrarhistorische Untersuchungen über das ostelbische Preußen zwischen Spätfeudalismus und bürgerlich-demokratischer Revolution von 1848/49, Weimar 1984; Wolfgang VON HIPPEL: Die Bauernbefreiung im Königreich Württemberg. 2 vols., Boppart 1977; Eihachiro SAKAI: Der kurhessische Bauer im 19. Jahrhundert und die Grundlastenablösung, Melsungen 1963.

2 Detailed information on the data basis and the parish can be found in Georg FERTIG: "Der Acker wandert zum besseren Wirt"? Agrarwachstum ohne preisbildenden Bodenmarkt im Westfalen des 19. Jahrhunderts, in: Zeitschrift für Agrargeschichte und Agrarsoziologie 52 (2004), no. 1, pp. 44-63; Johannes BRACHT: Reform auf Kredit: Grundlastenablösungen in Westfalen und ihre Finanzierung durch Rentenbank, Sparkasse und privaten Kredit (1830-1866), in: Zeitschrift für Agrargeschichte und Agrarsoziologie 54 (2006), no. 2, pp. 55-76.

3 Thomas SCHOEL: Mitten im Leben. 175 Jahre Sparkasse Soest, Stuttgart 1999.

Table 1: analysed transactions from Borgeln, 1830-1866 (number)

Information from the land register	
Transactions of landed property in total number (date, poss. price, buyer / seller)	997
Mortgage-backed cash credits (date, amount of credits, debtor / creditor)	518
Information from the accounts of the savings bank Soest	
Deposits on savings accounts (date, amount, saver)	2,221
Interest payments and cash withdrawals (date, amount, saver)	1,104

Family- and life-cyclic economic situations and decisions – models

Today many economic decisions made by 19th century farms can be reconstructed only in an exemplary manner. Cattle purchases and sales, house changes and repairs, meliorations and technical improvements of the farms cannot be analysed on the basis of financial decisions/transactions, because these are not sufficiently documented. In general it can be said that a crucial situation precedes each decision. Impulses may come from within, but also from outside a farm, as can be shown by the legal regulation of redemption of feudal obligations ('Grundlastenablösungen', a part of 'peasant liberation') and the peasants' efforts to finance these repayments.[4] Consequently, a reflected, well-founded decision process does not always have to be documented; the reconstruction of typical constellations, which resulted in disadvantageous and advantageous situations, provides a methodical alternative.

The family cycle and one's own life cycle included – and still include – systemic constellations that entailed and entail transactions. Income shortages during phases of bringing up children and the provision for old age are by no means new, but structural problems in the history of families and households. The models of Alexander Čajanov and Michael Mitterauer showed the phases that were problematic for agrarian households; Franco Modigliani and his colleagues created a theory of modern life-cyclic saving. They will be introduced, operationalised and their validity for the market-orientated agrarian village of mid-19th century Borgeln will be checked on the following pages.

One of Alexander Čajanov's essential theses says that a agrarian family business allocates its resources according to the ratio of consumers and labourers, which is changing during the family cycle.[5] According to Čajanov a business suffered from hardship, when the chil-

4 BRACHT (see footnote 2).

5 Alexander V. TSCHAJANOW [=Čajanov]: Die Lehre von der bäuerlichen Wirtschaft. Versuch einer Theorie der Familienwirtschaft im Landbau, Reprint of the edition Berlin 1923 Frankfurt 1987, p. 35. The la-

dren were small and needed much care, or when the old peasant couple still consumed, but did hardly contribute any labour. Čajanov believes that this was largely compensated by the resource land and additional labour: if many small children or old people belonged to the household, the business reacted by extending the agricultural floor space, of course not by a land market, but by the traditional transfer system of the Russian borough Mir. Studies on the family-cyclic behaviour in the land market cast doubt whether Čajanov's model can be applied to western European affairs.[6]

Michael Mitterauer, in contrast, designed the model of "Rollenergänzungszwang" (a need to accomplish roles in a household) based on Austrian examples, but without explicitly competing with Čajanov's model.[7] Like in Westphalia, farms in Austria were predominantly traditional complexes that consisted of both the bequeathed land and farm (impartible succession). To work properly, such a farm needed a certain number of labourers, who were either made up by family or by foreigners.[8] In this model too Čajanov's labourer/consumer ratio is effective, i.e. small children were an economic strain on peasant families. They were a burden to the household as they could not (yet) fulfil their function. Farmhands were employed in order to compensate for that. This situation was a financial burden, even if a working family member would also earn money. Consequently, the additional consumption of the not working family member made the difference.[9] Thus the need to add roles is about how a household reacts to family-cyclic processes by (re)allocating its available resources. Yet here the factor land is constant and requires a constant number of workers, which leads to financial strain. The labour market was therefore used for compensation, which entailed nevertheless a need for capital.

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bourer/consumer-theory was formulated for the first time by Čajanov's editor Daniel THORNER, „Chayanov's concept of peasant economy", in: Alexander V. CHAYANOV [=Čajanov]: The theory of peasant economy, Homewood/Illinois 1966 [first edition 1923]), pp. xi-xxiii.

6 TSCHAJANOW (see footnote 5), p. 62. For instance, insights by David Sabean do indeed confirm the accumulation of land during the bringing up phase and – at least in the 18th century – the decline in property that started at the age of around 55 (David Warren SABEAN: Property, Production, and Familiy in Neckarhausen, 1700-1870, Cambridge et al. 1990, pp. 258-259). However, these assumptions were not confirmed in another region that is characterised by partible inheritance and a vibrant land market (Gerard BÉAUR: Land Accumulation, Life-course, and Inequalities among Generations in Eighteenth-century France: The Winegrowers from the Chartres Region, in: The History of the Family 3 (1998), 285-302). See also Ulrich PFISTER: The proto-industrial household economy: toward a formal analysis", in: Journal of Family History 17 (1992), 201-232, in particular pp. 220-222 and p. 226.

7 Michael MITTERAUER: Formen ländlicher Familienwirtschaft. Historische Ökotypen und familiale Arbeitsorganisationen im österreichischen Raum, in: Familienstruktur und Arbeitsorganisation in ländlichen Gesellschaften, ed. by Michael MITTERAUER und Josef EHMER, Wien et al. 1986, pp. 185-323.

8 Farmhands and maids were mostly foreigners, yet both notions mainly denote functions within the household economy, according to MITTERAUER (see footnote 7), p. 261, "roles", "Rollen". Farmhands and maids could be members of the family, for instance as the farm successor's siblings or adolescent children. In this case, they had a position in the family, but also fulfilled a "role" in the economy by doing their jobs.

9 See MITTERAUER (see footnote 7), pp. 276-278.

At least labour markets were already prepared for such family-cyclic phases before the 19th century. A change in the 19th century allowed people to detach themselves from the family economy and to provide for age on their own. In several studies preceding our research project[10], Ulrich Pfister, Georg Fertig and Volker Lünnemann referred to Franco Modigliani's "life cycle theory of saving". It describes the ideal situation of a strategically thinking saver and his asset-backed private pension plan.[11] The main idea behind our analyses was that the access to working factor markets and thus to credit and savings invested in land made possible "life-cyclic income strategies". Whenever this is impossible, consumption has to follow income, which leads partly to demonstrative consumption, partly to old age poverty. According to this rationale nothing is saved and everything spent, if incomes are high; if they are small, there are no savings. In other words: as long as financial markets do not exist, people depend on family and community transfers; markets then make transfers – i.e. free contributions – redundant. However, in the 19th century a model of family transfers for peasant families in order to solve the problem of old-age pension was well established: the retirement arrangement ("Altenteil", "Ausgedinge" or "Leibzucht"), which was negotiated by the old peasant couple in the deed of conveyance.[12] Where savings banks and later Raiffeisen banks were available, they allowed pension saving and offered thus an alternative to the established transfer system. We know remarkably little about savings behaviour on the micro level, because

10 Ulrich PFISTER: Entre marchandise et don: le foncier paysan en Suisse au XVIIIe siècle, unpubl. working paper, Université de Genève 1993; Volker LÜNNEMANN: Bodenmarkt und Familie im Kirchspiel Beelen (Kreis Warendorf) in der Mitte des 19. Jahrhunderts, master thesis, Univ. of Münster 1999; Georg FERTIG/Ulrich PFISTER: Gift or commodity? Rural factor markets and family strategies during the eighteenth and nineteenth centuries, Tagungspapier 'Colloquium in Social and Economic History' (Katholieke Universiteit Nijmegen, September 1998. Revidierte Fassung Milano Dezember 1999).

11 Gilbert R. GHEZ/Gary S. BECKER: The allocation of time and goods over the life cycle, New York 1975); Franco MODIGLIANI: The life cycle hypothesis of saving twenty years later, in: The collected papers of Franco Modigliani, edited by A. ABEL, Bd. 2, Cambridge/Mass. 1980, pp. 41–75; Franco MODIGLIANI: Life Cycle, Individual Thrift, and the Wealth of Nations, in: American Economic Review 76 (1986), pp. 297-313. Modigliani's argument is a reaction to Keynes. According to Keynes, "in the long run, we are all dead"; life-cyclic income strategies can explain why actors nevertheless orientate themselves by long term income expectations. Paul SAMUELSON's classic article [An exact consumption-loan model of interest with or without the social contrivance of money, in: Journal of Political Economy 66, no. 6 (1958), pp. 467-482] opened up a contrasting, transfers-based perspective. It showed that transfers resulting from the use of credit markets were superior in a model world without capital accumulation and children. Modigliani's model counts among economic text book knowledge, which does not avert criticism. See Hersh M. SHEFRIN/Richard THALER: The behavioral life-cycle hypothesis, in: Economic Inquiry 26 (1988), pp. 609-643. This holds particularly true for Modigliani's tendency to neglect by definition life-time transfers from parents to children, see Laurence J. KOTLIKOFF: Intergenerational Transfers and Savings, in: Journal of Economic Perspectives, 2:2 (1988), 41-58. On the life-cycle hypothesis as historical research topic, Richard SUTCH: All Things Reconsidered: The Life Cycle Perspective and the Third Task of Economic History, in: Journal of Economic History 51 (1991), 271-288.

12 More details based on Borgeln and two further parishes, in Christine FERTIG/Georg FERTIG: Bäuerliche Erbpraxis als Familienstrategie. Hofweitergabe im Westfalen des 18. und 19. Jahrhunderts, in: Generationengerechtigkeit. Normen und Praxis im Erb- und Ehegüterrecht 1500-1850, edited by Stefan BRAKENSIEK, Michael STOLLEIS und Heide WUNDER, Berlin 2006, pp. 163-187.

studies are often based on existing savings banks statistics.[13] Especially the significant link between savings bank transactions and family data has not been studied yet. Thus we are the first to analyse whether peasants and other rural classes used these institutions in order to cope with the economic consequences from the life cycle and the family cycle.

Table 2: family- and life-cyclic reasons for transactions

	landed property	**cash asset**
models		
Family economy (Čajanov)	Accumulation increasing with the number of consumers, thereafter division among the adolescent generation redistribution within the community	Perhaps rent increasing with land property, getting into debt to buy new land
Rollenergänzungszwang (Mitterauer)	complete farm is handed over or bequeathed	Farmhands' incomes or at least additional consumption in bringing up phase and with diminishing physical strength of the old peasant couple
Life-cycle theory (Modigliani)	Accumulation until beginning of pension, later dissaving, no intergenerational transfers	

Data analysis

The family cycle is divided into four phases: childless, predominantly small children (below 14), predominantly adolescent children (above 13, but unmarried) and predominantly married children. "Predominantly" means that the respective number of children is the highest in that phase.[14] For instance, a land owner with two children below 14, an 18 year-old and a married child is classified "predominantly small children". The family phases are closely related with the age of the spouse/partner and with the unmarried state of a part of the population. Someone who remained single and childless all his life – in Borgeln the single-rate between 1770 and 1810 ranged between six and eleven per cent[15] – could not reach the analysed family

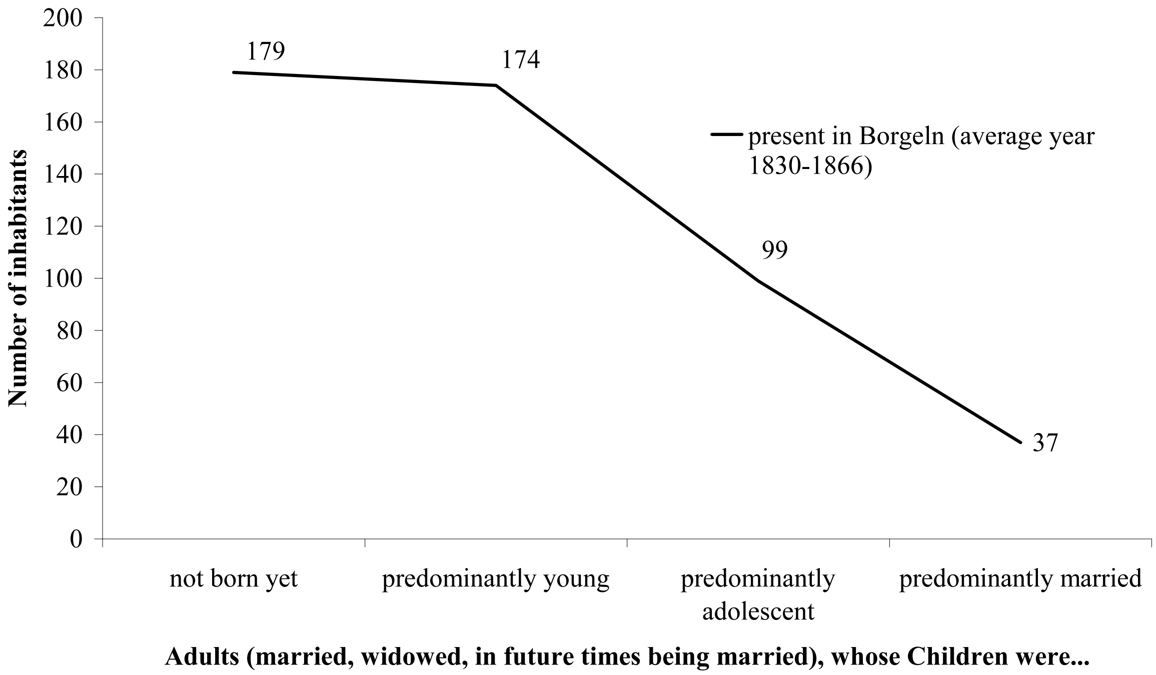
13 An exception: Paul THOMES: Das Kapital der Weiblichkeit. Die Kundinnen der Kreissparkasse St. Wendel (1859-1867), in: Geld und Kapital. Jahrbuch für mitteleuropäische Banken- und Sparkassengeschichte 2 (1998), 141-157. The still most important German study comes from Josef WYSOCKI: Untersuchungen zur Wirtschafts- und Sozialgeschichte der deutschen Sparkassen im 19. Jahrhundert, Stuttgart 1980. On the history of savings banks, see Standortbestimmung: Sparkassengeschichte. Festschrift für Manfred Pix, edited by Wilfried FELDENKIRCHEN und Ingo KRÜGER, Stuttgart 1999.

14 Compare the more elaborated process in TSCHAJANOW (see footnote 5), pp. 12-19, and Eva MUELLER: The Economic Value of Children in Peasant Agriculture, in: Population and Development. The Search for Selective Interventions, hrsg. v. Ronald G. RIDKER, Baltimore u.et al. 1976, pp. 98-153.

15 Georg FERTIG: "Wenn zwey Menschen eine Stelle sehen": Heirat, Besitztransfer und Lebenslauf im ländlichen Westfalen des 19. Jahrhunderts, in: Eheschließungen im Europa des 18. und 19. Jahrhunderts. Muster und Strategien, edited by Christophe DUHAMELLE/Jürgen SCHLUMBOHM, Göttingen 2003, pp. 93-124, here p. 103.

phase at all. Above all, the effect of the age pyramid can be observed. This can be clearly seen in figures 1 and 2. Most adults in the parish were in a phase without children. Most land owners had households with more small than adolescent children. We correlated all data with the total population in the respective phase, in order to describe the people's and households' collective behaviour in a family phase. When we dealt with saving transactions at the savings banks, i.e. in-payments and withdrawals from accounts, we computed the total risk population, because everybody could use the services of the savings bank.[16] But when we dealt with people taking mortgage credits, land property was the condition. Similarly, for the analysis of land transactions it proved useful to concentrate on the distribution of only the land owners' life phases by weighing them.[17]

Figure 1: potential savers in Borgeln (yearly mean 1830-1866)



[16] Risk populations for saving transactions: the total number of people who are part of the family reconstitution data bases for Borgeln between 1830 and 1866, who were ever married, at least 18 years old and whose last appearance as parents, godparents or whose own death had not yet occurred in the respective year. It was eventually computed as mean of the years 1830 to 1866.

[17] Risk populations for land and credit transactions: in addition to the aforementioned criteria, further limited to people who were ever identifiable owners of a farm or a small property.

Figure 2: potential actors in the land and mortgage credit markets in Borgeln (yearly mean 1830-1866)

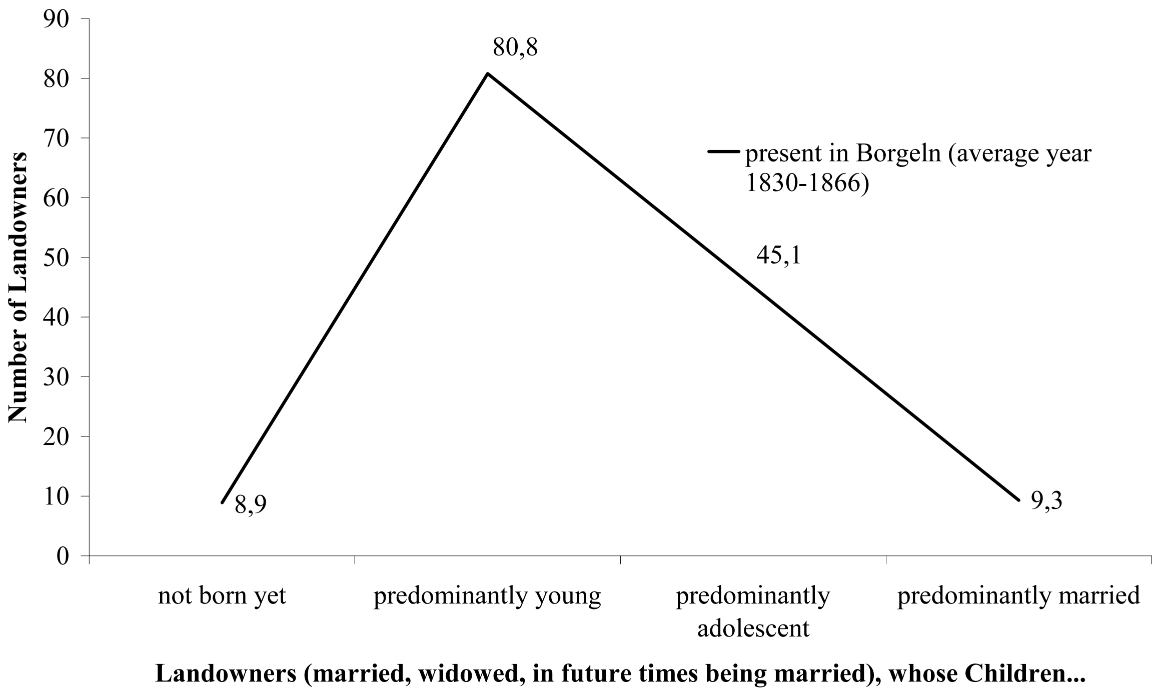


Figure 3: changes in land-ownership in Borgeln (1830-1866)

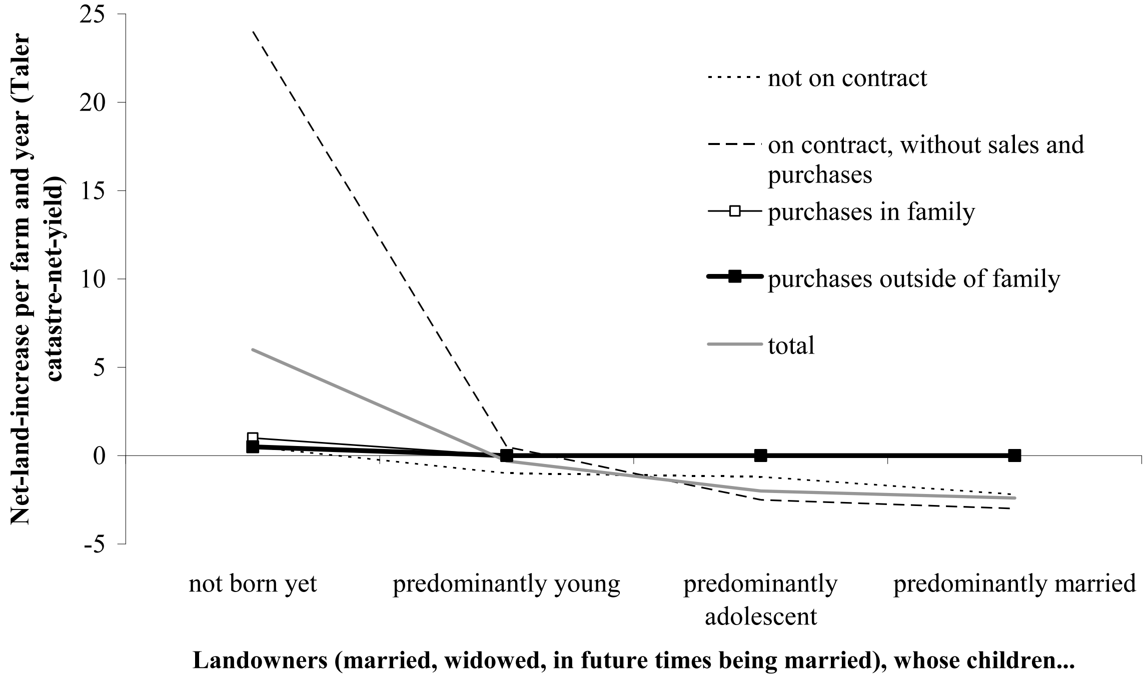


Figure 3 shows all changes in land-ownership ranked according to the family phase of the land owner. Doing that we also decided under which circumstances these transactions came into being. When we first look at the graph named “total”, we can clearly see that most owners got their land at the beginning of the family cycle, before their children were born. If the children were predominantly below 14, the households’ property stagnated, while it was dispensed during the following years. At first glance, this pattern confirms the assumption that the land market served as some kind of savings bank replacement for old-age provision. Yet it is necessary to distinguish the legal quality of the transactions. A big part of the changes in ownership was settled by contracts, yet not by purchases (table 3). Land was transferred from the old to the young by deeds of conveyance within a family. Sometimes land and the farm were sold to close relatives too. However, each year only a small fraction of land was dealt with in a tightly defined land market – that is only purchases among people who are not linked by hereditary and maintenance relations. When we observe the family-cyclic profile of the tightly defined land market, we can see a horizontal line, which means no impact by the family cycle.[18]

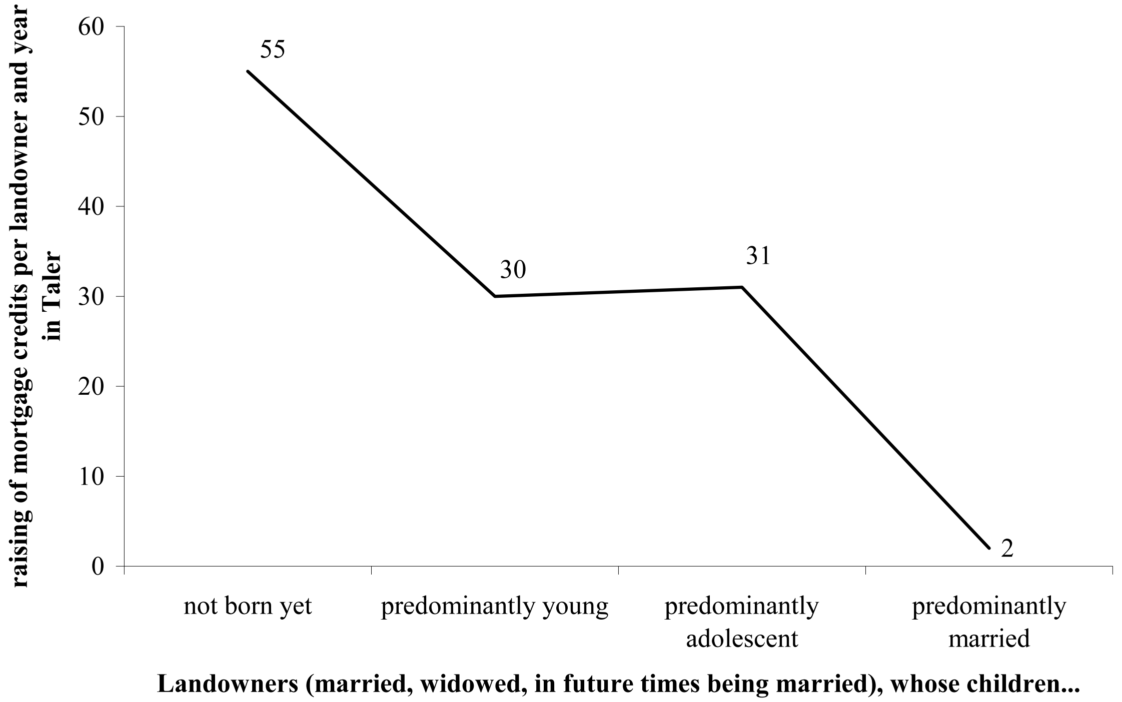
Table 3: turn-over rates in Borgeln (land market definitions that get tighter)

	Borgeln	
	cases	turn-over
Change in ownership	996	8.9%
its proportion of legal transactions	757	4.9%
its proportion of sales and purchases	399	0.8%
only those sellers and buyers from outside the nuclear family	348	0.6%
only these transactions between natural persons	268	0.5%

Apparently, the property and fortune were largely dealt with in transfer systems. It also shows to which purpose land transactions were performed: in Borgeln almost exclusively in order to pass on one’s property to the younger generation. Although there was principally a legal basis on which property could be adapted to the family cycle, the land property of a farm remained largely constant; at some time it was eventually handed over to an heir. There was no compensation of family-cyclic burdens by land. What appears to be a land-market used for old-age provision by capital accumulation – thus avoiding transfers, which is the point of Modigliani’s thesis –, does only reflect the rhythms of transfers in the nuclear family.

[18] “Within family“ has a broader meaning here: it includes brothers-in-law, cousins and their spouses, , ”outside the family“ embraces for instance second-degree cousins or the brother-in-law’s sister’s brother-in-law.

Figure 4: raising of mortgage credits in Borgeln (1830-1866)



We get another picture, when we look at the raising of mortgage-backed cash credits.[19] Here the peasants behaved very differently according the family phase, but not in a manner we expected. The raising of credit was most frequent in an early phase, before the children were born. It declined in the further course of the cycle, and when most children were already married, it nearly came to an end. The phases of bringing up children and of old age, which are problematic in theory, were not reflected at all. The size of the transactions could be a reason why the bringing up phase does not determine credit behaviour. Mortgage credits were mostly higher than what was necessary to pay for non-family labourers for instance. The farmhands' yearly income did not exceed 40 thalers, but the mortgage credits were often three-digit. Moreover, to get a more reliable image, we had to analyse the loans not registered in the land register, especially personal loans, which are only documented in rare cases. There are only six separate mortgage credits in the last family phase, which were taken by four people aged between 56 and 75. There were only few landowners in this family phase and age group but their raising of credit was even underproportional. Why did older proprietors raise small credit, although they had a reason for that? The transfer system gives an answer. The formal

[19] We are dealing only with cash credits here, not with registered rights to compensation payments. Since cash credits were mainly given by externals, the graph that shows Borgeln citizens granting credits is at a very low level, nearly at zero. Moreover, external lenders cannot be reconstituted with help our data base. That is why their transactions are not classified as family-cyclic and the family cycle of the few Borgeln lenders is ignored.

handing-over to the oldest son, the old farmer's / farmer couple's retirement arrangement and often his provisional usufruct were settled in a contract. From that moment the farm was the son's property, but was still managed by the old farmer. As can be seen in several contracts, male old farmers wanted to manage the farm as long as possible and retire afterwards. The date of this actual handing-over cannot be determined ex post. The situation between formal and actual handing-over was nevertheless favourable: the old, experienced farmer could still work and manage the farm, and the young famer (and his manpower) had a reason to stay. The farm had possibly a brighter outlook when compared with the phase, when the old famer as father of married children worked alone. In all, a great number of transactions characterises the early family phase. Lenders had probably also a brighter outlook, when they saw trustworthy constellations.

There is no evidence of how long the usufruct took. Only the dates of death give us a clue. At the time of the agreement, the old farmers were on average 60 years old, the female old farmers 56.[20] From that moment men had ten more years to live on average, their wives 14 years. Naturally, the variance is great for such periods, because some of them did not even live one more year after the handing-over, while others lived on for more than 30 years. However, the fathers were still alive in only around 25 per cent of all cases, when the still childless took loans. This was similar for debtors with small children. The impact of an active father could therefore not have been decisive.

The mortgage-backed cash credits can be deemed an indicator of economic activity. Credits raised at that phase amounted to an average of 284 thalers, which was a small amount when compared with other phases. At the beginning of the family cycle, the credits were used to invest and renovate property, as case studies show.[21] Many young farmers thus contracted debts soon after taking over. Apparently, the old avoided raising credit, as can be seen in the fourth family phase with predominantly married children and small credits. They handed over the task of renovating the farm to their successor. The argument that the debtors' trustworthiness was very important to the lenders of agrarian credits does not work here: the debtors had not proved their abilities yet, and the credits were backed by mortgage anyway.[22] In the following phase, when the children were small, financial activities declined. According to the

[20] N=109, standard deviation for the old farmers is 7,5 years, for the female old farmers 7.6 years.
[21] On this phase, see MITTERAUER (see footnote 7), p. 272.
[22] In our opinion, the concept "trust" does generally not provide the only reasonably explanation of the fact that certain business partners were preferred to others, see Georg FERTIG, Zwischen Xenophobie und Freundschaftspreis. Landmarkt und familiäre Beziehungen in Westfalen, 1830-1866, in: Jahrbuch für Wirtschaftsgeschichte 2005/1, pp. 53-76.

ideal-typical *Rollenergänzungsmodell*[23], this was the financially hardest time in the family cycle due to staff costs and consumption. Yet in Borgeln it did not only include more credits. The farmers took rather less, but higher credits than before. After most children's confirmation (at age 14), fewer farmers raised credit with on average higher sums; thus the borrowing in total for that phase is similar. Due to the high average amounts of 533 thalers per credit, they were probably loans for investments or early dowry payments.

In contrast, Borgeln's farmers could find a far more flexible instrument in the years 1830 to 1866. The savings bank was by no means embedded in an established system of resource transfers yet and appealed to individual property management. It allowed people (without age or sex limits and independently from land property) to realise individual strategies.

Figure 5: Borgeln's citizens saving and dissaving at the savings bank Soest (1830-1867)

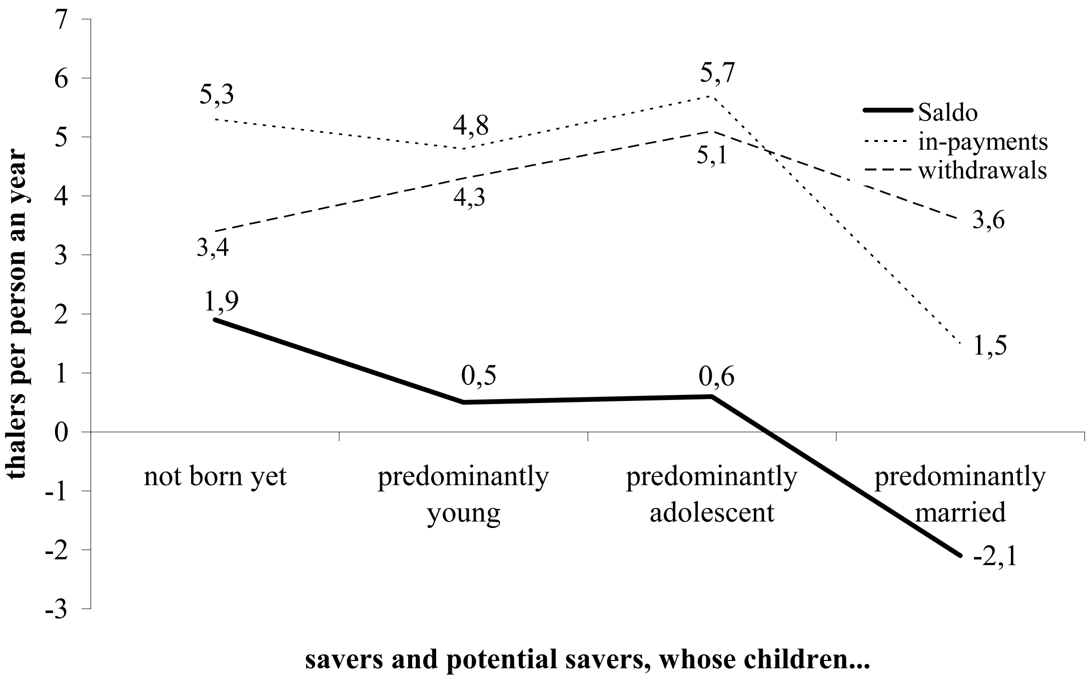


Figure 5 is based on the single account transactions of Borgeln accounts and shows that the offer of the savings bank was indeed noticed. But it was used only partially to deal with the family-cyclic situations of crisis. We can see three graphs which represent the sum of in-payments, withdrawals and the balance, each of them per life phase. It can be shown that both in-payments and withdrawals increase in the phase when most children were adolescent. Until then the balance of both is positive too and the savings increase. Only those savers started to

23 MITTERAUER (wie Anm. 7), p. 265.

pay in less, whose children were mainly married and had probably moved out. They also withdrew more money than they paid in, which led to a negative balance.

People saved even when children were small and needed much time and strength. It shows that the phase of bringing up children was apparently a less burdensome situation than Mitterauer and Čajanov assume in their models. Finally, there was only one phase when withdrawals outnumbered in-payments: in old age. The decline in saving is not correlated with the age pyramid, because this was taken into account by the risk population. Old people dissaved much money, but did not completely stop paying in. However, this does also mean that old age was not necessarily a time of dissaving, as suggested by a life-cyclic strategy aimed at maximising the individual lifetime income. On the contrary, it was now and then a time of continued saving too. [24]

Figure 6: farmhands and small proprietors from Borgeln and their saving und dissaving at the savings bank Soest (1830-1867)

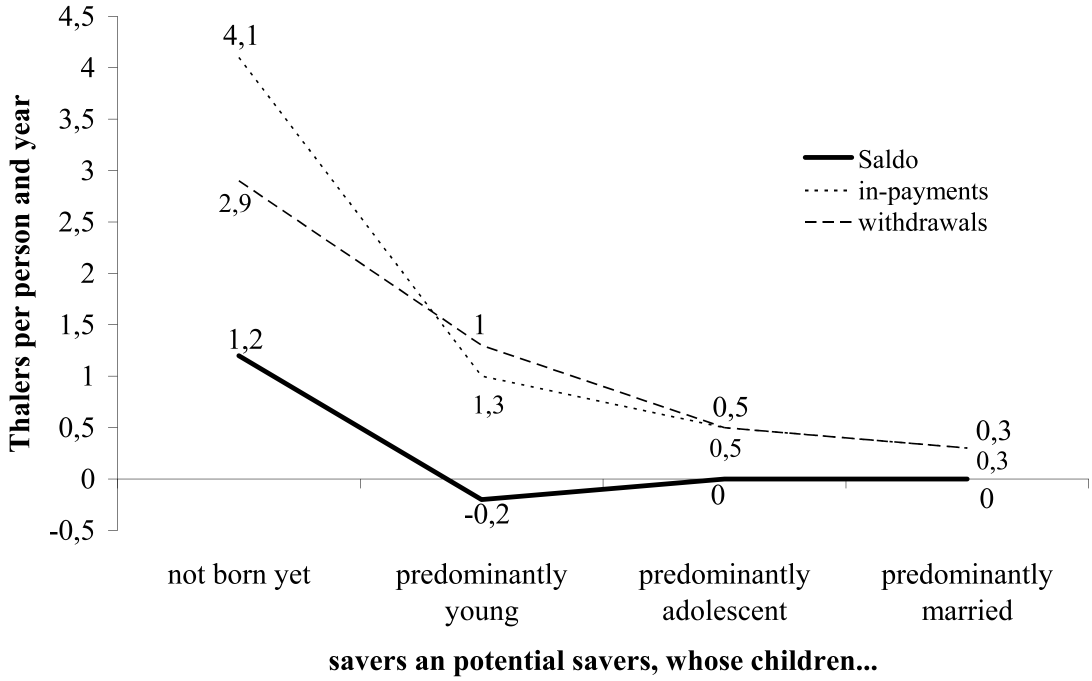


Figure 6 describes farmhands and small proprietors (no more than ownership of a parcel, maybe a house, but no farm) separately, because the previous graphs reflect very strongly the farmers' economic performance (with the exceptional phase "children yet not born"). The

[24] Accounts too faced changes in ownership. The second holders are mostly known. It is only unknown when exactly they took over the property. When a saver had already handed over the property, it cannot be clearly said, whether he still disposed of the account. We therefore decided to consider the death of the first holder to mark the change in ownership of an account.

saving activity of these strata is particularly strong in the phase before marriage and the birth of children, with less withdrawals. Basically, this is due to the high proportion of farmhands and maids in the total population during this family phase, because on average and per head young farmhands did not perform more transactions than the old ones. Moreover, it is not surprising that withdrawals predominate in the early family phase with small children. But not only loss of working hours and the children's additional consumption constituted the financial strain in this phase. It was also a phase of establishing new households and investing in the basis of one's livelihood. In view of that, the amount of the still transacted in-payments, which was slightly below the amount of withdrawals, appears to contradict the general assumption of family-cyclic strains. It seems to be completely false in the case of the farmers . They withdrew less than they paid in even when their children were infants and toddlers.

Conclusion

Markets did not behave complementary to each other in a complex, local society. If peasants took many loans in a certain life phase, this does not mean that they could not save at that time. Instead, the conditions for raising credit and repaying it were simply good. So what remains from the family-cyclic problems in this 19th century village? The phase of bringing up children was no hardship, at least none that had a grave impact on property transactions. Family-cyclic strains seem to have been a thing of the past in this market-orientated place. Not least the favourable agrarian situation at the middle of the 19th century, good yield coupled with high prices, must have substantially improved the operational yield and cost structure. It is therefore more appropriate to interpret options and opportunities rather than hardship and difficulties. The farmers could be riskier managers, if they had either no children yet or these were already fully-fledged. For their old age provision, they did neither need a capital market nor an instrument tailored to their individual needs such as the retirement savings plan. They had the peasant transfer system instead, which worked by the instrument of land property and by (here not analysed) compensations that were registered as mortgages. In any case, the peasants did not use the savings bank, which could have provided "private provision", for this purpose (it remains open to what extent other strata intended to do so).

As a whole, we find a local economy and society financed particularly by the traditional transfer system. The farmers' demands were satisfied by an urban credit market. In Borgeln, modern financial institutions, modern property rights and involvement in labour, grain and credit markets did not lead to a society's sweeping commercialisation and a detachment of the individual life economy from the family.