

11. The decline of the Spanish nobility: Credit and administration (1790-1850)¹

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Were all the proprietors of land only stewards to the public, must not necessity force them to practise all the arts of oppression used by stewards, where the absence or negligence of the proprietor render them secure against injury?²

I. Introduction

More than two centuries have passed since Jovellanos complained about the high price of land in Spain due to the fact that trade in that commodity was scarce. He proposed free trade as a solution: '*La Inglaterra, donde el precio de las tierras es medio y donde, sin embargo, florece la agricultura, ofrece el mejor ejemplo y la mayor prueba de esta verdad*' (In England, land is cheaper, and yet agriculture is flourishing. This is the best example and proof that what I am saying is true) (Jovellanos, 1820: 83). The forming of the land market meant, obviously, that the wealth of the nobility and the church had to be eliminated or significantly reduced. This process gained momentum towards the end of the eighteenth century and was very important in the mid-nineteenth century. Historians are more familiar with the sale of church wealth than the sale of land and goods belonging to the nobility. However, the crisis of the aristocracy and the question of its continuity or adaptation has still become a point of historiographical reference in Spain, going beyond the study of elites to question aspects of agrarian growth or even the extent of democratic development, as has happened also elsewhere³.

In Spain, aristocratic land division served to uphold the negative vision of nineteenth-century change typical of the discourse of Joaquín Costa and representative

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² David HUME, *Essays Moral, Political, and Literary*, London, Henry Frowde, 1904, p. 361-362.

³ There are several studies on European nobles which include a chapter on the Spanish nobility and which, with different interpretations, allow us to establish certain comparisons: HERR (1977); RUIZ TORRES (1988); PÉREZ PICAZO (1988); THOMPSON (1995). A critical review of some of these can be found in Bush (1990). Similarities and more than one difference with respect to the Spanish case can be found in RICHARDS (1981); BECKET (1986:149-156).

of the discourse of all Spanish agrarian reformers. The Second Republic (1931-1936) strengthened this vision -more through words than deeds- due to the anti-aristocracy nature of the 1932 agrarian reform law.

This paper overlooks the historiographical debate on agrarian liberal reform and examines the relative decline of noble wealth in a period characterised by the crisis of the *Ancien Régime*⁴. The analysis is carried out paying special attention to land agents and we will try to explain briefly here the mediating role they played.

The first of these corresponds to the noble estates which consisted of a general manager, accountant, provincial managers with a network of agents such as treasurers, notaries, bailiffs and other clerical staff, resulting in the well-known bureaucratization of noble estate administration: the 'staff' of the thirty-two most important noble houses in Spain, the majority of whom resided in Madrid, was estimated to be around six thousand employees and servants (Carmona, 2001: 23, 227-262). All noble houses, when faced with a drop in income, applied administrative reform as a remedy for what were really structural ailments or they looked for ways to guarantee professionalization and trust, from paying for university places for the sons of their most trusted servants to selection processes (Atienza, 1987; Carrasco, 1995; Windler-Dirisio, 1995).

The second type of administration we shall consider here, corresponds to the provincial nobility or to the administration of a single noble estate. Management for an absentee landlord was simplified and the land agent carried out the functions of rent collector, bailiff and notary (Garrabou, Planas & Sagner, 2002). In this case, the land agent was mainly chosen for his income to the extent that the capacity to finance the running costs of the landlord was more important than professional competency. This is how French traders and other capitalists became property owners in the Bajo Segura region at the end of the eighteenth century and found a way to move up the social ladder (Millán 1999: 230). The degree of professionalization at this level, therefore, was limited and, as well as traders or moneylenders, important tenants could also be land agents. So, access to agrarian production and circulation was a means to acquisition of wealth which could not be controlled by the nobility. No administrator or any other manager would have shunned opportunity and that is why we consider the term 'land agent' to be appropriate, even although we do not concede

⁴ The central nucleus is the reign of Ferdinand VII (1808-1833); it is often extended to include the previous decade (disentailment of Godoy) and in some cases the following years. The War of Independence (1808-1814), the Courts of Cadiz (1810-1813), and the Liberal Constitution (1820-1823) are the main events of a period which saw two restorations of absolutism (1814-1820; 1823-1833) and a third failed attempt, the Carlist War (1833-1839).

any degree of professionalization to this term, as was also the case in England at the time (Webster, 2007).

The term Land Agent, in effect, is the most appropriate term for analysis from the point of view of agency theory, that is, from the relations established between the Principal (landlord) and the Agent (administrator). The transaction costs (information costs, negotiation costs –the cost of depositing trust in the administrator and the moral hazard involved –, and the costs of ensuring contracts were honoured) are an essential part of the relations established in administrations of the nobility. The higher the supervision costs and the more faulty and asymmetrical the information, the more opportunistic behaviour increased. This suspicion was shared by eighteenth-century economists, as can be seen in Hume's words at the beginning of this paper or in the opinion expressed by Smith⁵.

The complexity of traditional income in a world of fragmentary information meant that the nobles were very dependent on their administrators and land agents who played an even greater role from the end of the eighteenth century due to the fact that the Grandees had accumulated more land and wealth through marriage or inheritance. This process, together with the changes in the credit system, opened up the crisis in the *Ancien Régime*. Secondly, we shall examine the role of creditor carried out by the administrators who surely benefitted from the financial dependence of the nobles during the crisis. Finally, we shall examine the role of land agents in the consolidation of new property rights which lent certain stability to various noble estates and, therefore, continued to provide benefits for all those who lived off administration.

II. The crisis of the *Ancien Régime* and its effect on the great estates

II. 1. The decline of the system: the concentration of *mayorazgos* and the feudal rent crisis

The permanence of the great aristocratic families during several centuries was possible due to entailment and to what this implied: indivisibility and the impossibility of seizing wealth. But the very logic of *mayorazgo* was the cause of decline in the entailment system when there was no direct heir. This tendency towards *entropy* was caused by the fact that succession was also through the male line; when this norm was applied in its strictest sense, all financial and social inheritances which were passed

⁵ SMITH (1988: 859). Among the literature on agency theory, cf. STIGLITZ (1998). A study which systematically applies this theory is that of LÓPEZ-ROBLEDO (2004). It should also be mentioned that the Charge-Discharge accounting system did not reveal the true financial position of the estate and made it difficult to distinguish genuine incompetence from dishonesty (WEBSTER, 2007: 53)

down through the male line could become extinct; asexuality leads to monopoly, but with possible deterioration (S. Jones, 1998: 108).

The entails survived in Spain as in the rest of Europe, but the demographic structures and religious and social institutions which had sustained them were already changing drastically by 1800 (Cooper, 1976: 305). The price for the extenuation of this system could be seen in the continuous legal disputes when someone died without heirs, female succession was not accepted, or one of the heirs demanded preferential rights. Although the creation of new titles of nobility slowed the tendency to *entropy*, this palliative was not enough, so big and small estates began to gain importance by ‘swallowing up outside *mayorazgos*’ (Dedieu, 2002). That is, if the decision taken was the patrimonialist choice -to accumulate wealth (as a means of increasing rent) as opposed to increasing business activity (and therefore generating profit)-, then one man’s gain was another’s loss, a zero-sum game.

The laws that governed the succession of the nobility and the extinction of the male line had meant that a few families had remarkably large territories at the end of the eighteenth century (Moxó, 1977). Francisco de Cabarrús (1752-1810), adviser of King Carlos III and, later, Finance Minister to King Joseph Bonaparte, explained, in 1795, how the accumulation of numbers of *mayorazgos* by the Grandees of Spain weakened their economic power. On one hand, they had problems with the scale of administration, in terms of the acquisition of information and, on the other hand, with the physical dispersion of the inheritances. After explaining how the most economically powerful aristocrats had become a much smaller group, various titles having been acquired by others –‘one or two hundred households benefit from the wealth of four or five thousand’–, he offers the following reasoning in order to prove that the standards of living had not grown in the same proportion among the aristocracy:

‘... la razón basta para enseñarnos que cuantas más posesiones se junten en una mano, menos bien se administrarán y aprovecharán, ya porque crece la desproporción de tiempo y de fuerzas intelectuales de todo individuo a medida que se van dilatando el número y la distancia de los objetos, ya porque cuanto más entorpecido está su ánimo y más queda expuesto a las seducciones disipadoras, crecen sus gastos por la idea de aumento de sus rentas, disminuyen éstas por una menos cuidadosa administración, cobra menos, gasta más que todos sus antepasados reunidos, y la misma causa que disminuye la suma de las producciones territoriales para el Estado, de resultas de los mayorazgos y de su acumulación, disminuye asimismo la cuota respectiva de sus poseedores. Peregrino fomento sin duda para la nobleza aquél que va reduciendo continuamente el número de sus individuos y degradando y empobreciendo los pocos que parece favorecer’.⁶ (Cabarrús, 1973: 216)

⁶ ‘... reason tells us that the more possessions we gather, the more badly we will manage and exploit them. This is due to the fact that disproportion of time and intellectual strengths in all individuals

The argument of ‘extensive economic growth’ (Jones-Woolf, 1974), used for the pattern of economic growth that took place in the eighteenth century, can be applied here: the number of places paying rents and tithes increased, but not in the same proportion as net income, owing, as Cabarrús said, to ‘a less careful management’. The other argument that Cabarrús points out is that there was a huge increase in spending, founded on an excessive expectation of rents. A third factor that we believe essential is that this concentration process was composed not only of assets, but of liabilities. This makes comprehensible the paradox that the concentration process led, in more than one case, to the beginning of economic decline. Therefore, cost management and an increase in spending were added to the indebtedness caused by an increase in liabilities due to the fact that patrimonial inheritances had huge debts or needed investment to make them profitable. Furthermore, the rising trend in rents had halted and served to complicate matters.

The income of those organizations and families that depended on the sharing of agrarian production was, without exception, affected during the crisis of the *Ancien Régime*. Putting aside particular regional cases or specific family fortunes, it was quite common that the decrease affected at least one third of income in average terms. An example of the difficult situation that the Grandees of Spain had to endure during those changing times, even prior to 1808, are the comments by the executor of the will of the Duchess of Alba at the beginning of the 19th century: ‘the income that the wealth of the estate may produce will not be enough to cover the interest charged by the creditors’⁷. This can be seen decades later by comparing the interest paid by some noble houses and their income: the return that had to be paid was forty-eight per cent of the income of the Count of Montijo, eighty-five per cent of that of the Duke of Medinaceli and ninety-seven per cent of that of the Duke of Osuna. The situation was similar in all the other noble economies of the first third of the nineteenth century, such as Cerralbo’s comment that ‘expenses were fixed, while income was subject to more eventualities’ (Bahamonde, 1986; Atienza, 1987: 376; Robledo, 1987:110).

We do not really know to what extent the endemic indebtedness was a result of mismanagement. In this new situation, the flow of gross income had diminished or had simply stopped in many cases, especially since the beginning of the war in 1808.

increases as the number and distance of objects expands, or because the duller and more exposed to dispelling seductions the spirit is, the more expenses grow due to the idea of increase in income. Then the income decreases due to less careful management and we earn less and spend more than all our ancestors together, and the same cause that reduces the sum of territory productions for the State, as a consequence of *mayorazgos* and their concentration, likewise reduces the share of the respective owners. It was unquestionably a strange move for the nobility, whose numbers, as a result, were continually in decline. It also degraded and impoverished those that it seemed falsely to favour’.

⁷ Archivo Histórico de Protocolos de Madrid (AHPM), Protocolos, year 1802



The best proof of this total crisis is that nobody paid: the Exchequer did not pay the return of the *vales reales* (public debt after 1782), the loans to the Church as a consequence of Godoy's disentanglement, or war supplies; the nobility did not pay their creditors and, of course, the peasants continued to refuse to pay tithes. This a process encouraged by the lack of strong government, a direct consequence of the war. We know that the consequences of the *fiscal irresponsibility* of the Spanish Absolutist Governments, who did not pay interests or repay loans compromised by the Liberals, was to push them into the hands of moneylenders (Fontana, 1971). The same principle applied to insolvent aristocrats (who were now to become the Agents of the main moneylender) and their *patrimonial irresponsibility*, which increased their dependence on their stewards.

Although the drop in income was undoubtedly one of the main causes of non-payment, the role of the steward and the different *Land agents*, now more important due to the unmanageable increases in property, obviously contributed to the drop in net income. Some land agents were able to divert for their own use rents that were not carefully controlled and opportunities to do this increased when war came and many lords abandoned their estates. It was easy to accuse the enemy of having stolen rents and particularly sheep, which were added to private flocks.

As the problem could not be solved by selling land (either free property or part of entailed estate), due to the institutional chaos throughout the period from 1808-36, credit could always be used as a palliative measure. However, the aristocracy were bad payers and changes had come about.

II.2. The end of privileged loan

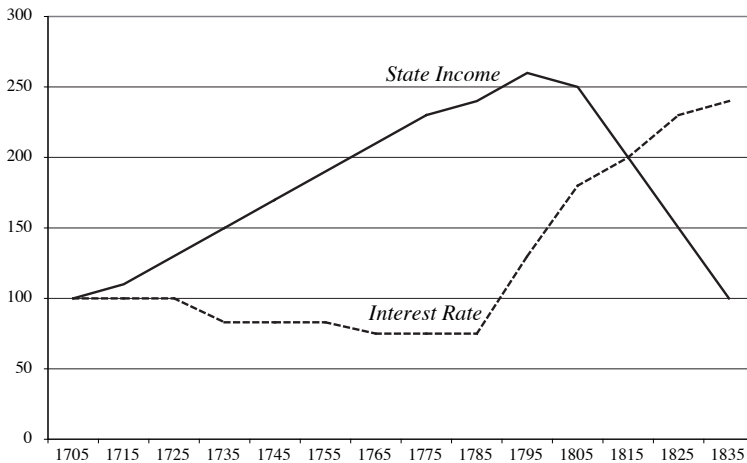
Noble estate and church accounts until the end of the eighteenth century confirm a certain surplus in available capital *a censo*⁸. This, together with increasing rents, was very positive for the economy of the Grandees. Indebtedness does not necessarily have to coincide with a ruinous state of noble houses. We must take into account the relative absence of alternative resources in the use of capital. In fact, money was amassed in the coffers of ecclesiastical institutions, bankers and merchants in Madrid, where the aristocracy normally resided. The account given by Pablo de Olavide, (1725-1803) in 1768 expands this aforementioned phenomenon to the area of Andalusia⁹.

⁸ This is developed systematically in ROBLED0 (1991); see also ATIENZA LÓPEZ (1991) and particularly TELLO (2001).

⁹ 'In Spain there is a lot of money to deposit, but we do not know where it can be deposited. There are a lot of foreigners who have made large fortunes through trade in Cadiz, Seville and some other parts.

However, from the last decade of the eighteenth century onwards, the mechanism of allocated *censos* with an interest rate below 3 per cent was no longer the common system of credit used by the nobility. Before the disentailment of Godoy in 1798 (and even more so afterwards) and the law ordering the disentailment of charitable and other similar institutions who were the main lending agents, the negative evolution of the income of the nobility on the one hand and, on the other, the rising pressures of the *Real Hacienda* (the Treasury), which demanded that the Church invest in public debt, had led to significant changes in the traditional credit market. The old *censos*, tied to the legal rate of interest, were replaced by *obligaciones*, characterized by short terms of repayment and increases in the interest rates implicit in this type of credit (Figure 11.1) The lender imposed his conditions and the loan continued if this was profitable for him (Fernández de Pinedo, 1985: 305).

Figure 11.1. State income and nominal interest rate (1700-1830)



Source. The graph aims to illustrate the tendencies of the two magnitudes and not to specify accurately their amounts; the evolution of rent can be seen in ROBLED0 (1984, 1991); data regarding various credits justifying the upward evolution to 6-8% in ROBLED0 (1991), GARCÍA SANZ (1983), ATIENZA (1991).

Besides, the interest on old debt of the *censos* could be deferred, contrary to the interest on *obligaciones*. Credit and income had been moving in opposite directions to those reflected until 1790 (Figure 11.1). This caused a cut in the diminished surplus

When they want to settle, they return to their own countries and deposit their money there, because they cannot find a way to deposit it in Spain', OLAVIDE (1784: § 934).

of the noble administrations. In the 1820s, the rate of income growth was negative, while the price of loans had at least doubled.

The requirements of liquidity became urgent when the law for the abolition of seigniorial estates was applied from 1837 onwards. Besides, the peasantry's refusal to collect payment of tithes and the First Carlist War (1833-1839) caused irrecoverable or dubious debts to reach alarming proportions, as detailed in post-mortem inventories (Robledo, 1985). The more or less silent peasant revolution forced the nobility to leave their income in the hands of lenders in Madrid, who had acquired their wealth by means of their contracts with the Crown to support the war. The new credit of these capitalists, that of *obligaciones*, unlike the old *censo*, served to dissolve the noble estates.

The credit supply, spread throughout a large number of religious institutions which were experiencing a drop in income, had to be restructured and the stewards found their place in that new and more centralized space, alongside contractors and merchants. They knew better than anybody else the needs of demand and they had the economic capacity to assume the new credit risks and to face the uncertainty brought about by the new institutional rules.

III. The tasks of the stewards and financial services

The structure of traditional income made the mediating task of the stewards and different land agents absolutely essential. First of all, because property rights were very imprecise and access to certain property and services was shared with other nobles or peasant communities, the advent of the crisis of the *Ancien Regime* underlined the dependence of the nobility on administrators, because rights were questioned particularly by tenants and sharecroppers. Secondly, rent in kind was a common form of payment and this led to problems regarding storage, trading, transport, and information (Aragón, 2000). In short, the more dismantled the domestic market became, and the more unstable or inexistent land and money markets became, the more transaction costs increased.

If we consider information costs, those aspects relating to the price of money are particularly significant. Until mortgages were developed with the setting up of savings and commercial banks (1880-1920), the lending role of stewards (supported undoubtedly by the rents they administered¹⁰) was fundamental. A loan from a

¹⁰ One of the solutions put forward to save the Salcedos' fortune in the mid nineteenth century was for the stewards to anticipate 200,000 *reales* at 6 percent for a year, refunded on account of half of the rents belonging to the administrations they were responsible for. GIHS (2004).

steward was easier to obtain, that is, immediate liquidity of income was guaranteed in any circumstances, and conditions were better than those given if an advance was requested from a private individual or trading company, like the *Cinco Gremios* in Madrid¹¹. Perhaps the balance of information in favour of the steward led to a series of opportunities for profit acquisition which were not covered in the contract between landowner and steward.

Indeed, research carried out in the archives of House of the Cerralbo demonstrates that the aim in the selection of stewards was to find a person with economic solvency, able to supply any advances when the needs of the landowner so required; this was their main function, apart from the capacity to manage the estate efficiently. So, when the steward failed in this area, he could be discharged, as in 1735¹².

The substitute undertook to make a series of periodical outlays – the *mesadas* – but there are no references to management, except those about the grain to be sold in April and May each year. Besides paying the debts contracted by the previous steward, he was obliged to pay ‘all the royal charges and pensions related to the *mayorazgos*, food and salaries for mayors, servants and the rest of domestic service’ (Sánchez Herrero, 2006). That is to say, the landlord looked for a treasurer who provided the estate with liquidity as a result of rent management and his own financial capacity; thus overcoming the dependence on agrarian rents received once or twice a year, and very often in kind.

Landlords knew that this form of management was central to their economic problems and they attempted an administrative reform of their patrimony. However this management reform had some serious limits of application due to the supervision costs; these were continually growing given the great dispersion of rents and territories, something which also happened in larger territories during the period of concentration of several noble houses. As Cabarrús had pointed out, ‘*the more possessions they own, the more badly they will be managed*’ (Cabarrús, 1973: 216). In this sense, the process of concentration of *mayorazgos* at the end of the eighteenth century widened the possibilities for stewards to increase their wealth, since information was more and more asymmetrical the problems of risk and *moral hazard* increased. And this is demonstrated when the Marquise of Cerralbo tried to put into practice measures

¹¹ Medinaceli’s case is remarkable: he requested 8 million *reales* from the *Cinco Gremios*, but he was given 5 million, 3 of which he received in cash; the rest were credit notes, Banco San Carlos shares and advance interest returns: MATILLA (1957: 265).

¹² In 1735, D. Juan Antonio de Guzmán, Marques of Almarza y Flores Dávila, cancelled the contract he had with his steward by adducing as the only reason that his House ‘had some arrears and pawned goods (...) and it was necessary to recuperate these pawned goods and the steward was not able to give me an advance for that...’, SÁNCHEZ HERRERO (2006). There are some similar cases in Portugal, where businessmen are in charge of administration. FREITAS MONTEIRO (2003: 406).

such as the limitation of functions and the diversification of his responsibilities, thus trying to avoid deviations like those suffered by his predecessors. The research of Sánchez Herrero (2006) shows that it was useless. The Marquise's steward had not managed the business appropriately. He had not checked several accounts of the tenants during his twenty-six years as general manager. Sánchez Herrero argues that the stewards kept control for two reasons: first, they provided the necessary flows of capital and second, the capital obtained by them was, for long periods, superior to that collected thanks to the landlord's rents. That is to say, the landlord spent the money and the steward collected the rents; if the former spent above the level of rents collected, he fell into debt with the steward, who advanced the payments on account of what he was robbing from the patrimony or the forthcoming rents¹³.

The entry of land agents in the new credit supply shows how much these managers had accumulated and was proof that the profits made in the growth phase of the eighteenth century were not limited to landowners. Let us consider some examples: the Marquis de Cerralbos's treasurer gave his landlord an advance of one million *reales* in 1790. The Albuquerque steward gave advances to the tenant farmers and the Duke of Albuquerque in order to pay the 'intruder government'; we also have the covered loan from the Treasury to the House of Albuquerque in 1827, which amounts to nearly 1,5 million *reales* (Sánchez Herrero, 2006, Carmona, 2001: 94-100).

These examples show that once the offer of the old *censos* had diminished and the *obligaciones* had spread, this led to the liberalization of the money market while the land market remained entailed –with exceptions in 1798 and 1820. The only means of solving this contradiction was to allow the sale of entailed properties on a regular basis. Therefore the debts originated by *obligaciones* caused the collapse of the entailed system. F. Heran explains how, during the disentailment of the *Trienio Liberal* (The Constitutional Government from 1820 to 1823), the Marquis of Alcañices confiscated an important country estate from the steward; some years later, he would justify this sale by mentioning the 'tough pressure' he had been under to respond to his debts (Heran, 1980:133).

Apart from this, we have to take into account the institutional insecurity during the period: the disentailment of some *mayorazgos* during the *Trienio Liberal* was annulled in June of 1823 and the property sold had to be returned to its previous owners. Under such conditions, who would lend money to the Marquis with a guarantee composed of entailed lands? Was the Marquis of Alcañices able to respond to a conventional

¹³ In terms of accounts in this period, stewards had some *alcances* or deficit in their favour in the annual calculations. In the 1788 accounts the steward was *alcanzado* with 856.834 *reales*. Besides, it could be seen that there were some omitted entries and some other duplicated entries, and some overdrafts or debits regarding cereals that amounted to 13.900 *fanegas* and 166.324 *reales*.

credit market? It is true that institutions like the Banco de San Carlos lent funds to the Royal Treasury and to the Grandees. However, there were certain conditions attached: when the Grandees could not honour their debts, strict repayment deadlines were fixed which inevitably resulted in bankruptcy or reductions in the number of repayments¹⁴.

We have some clues indicating that the crisis of the *Ancien Régime* must have been a 'golden age' for stewards and the *alcances* procedure was probably the channel to managed property when the sale of the *mayorazgos* was carried out. As managers and administrators normally lent money on account of income from rents, we can assume that they formed part of the list of creditors of the Duke of Osuna, who was famous for his debts and issued 'promissory notes with no particular guarantee' (Atienza-Mata, 1986). Finally, we believe that it is very significant that the *Manual* used by lords for correct administration mentioned the fear that the lord could become the land agent's debtor:

'Deben tener gran cuidado los hacendados en que sus administradores no le alcancen, y cuando suceda es preciso pagarles al momento aunque se saque de otra parte, y si no hubiere recurso, señalarle tanto número de ferrados u otra renta conviniendo el precio, para que al vencimiento de la primera cosecha lo perciban. Las casas que deben a los administradores son pérdidas, y así vemos a muchos que son manejados por sus mayordomos como unos arlequines, que se ven obligados á tener bajas condescendencias con ellos cuya causa ignora el público muchas veces y no es otra mas que la de serles deudores'.¹⁵

IV. The role of land agents in the consolidation of new property rights¹⁶

The debts of the nobility has been a subject of European and Spanish literature ever since the crisis in the Late Middle Ages. However, the importance of the Spanish aristocracy at the beginning of the nineteenth century shows how successful the nobility had been at overcoming the crises of past eras. Towards 1830, institutional change was becoming more stable and the way out of this new crisis for the nobility could not be the same as it had been two centuries before when the protection of the

¹⁴ The Banco of San Carlos gave the Duke of Osuna a deferment of eight years, and he had to pay monthly instalments to his creditors. When he died in 1807, his house and estates were placed in administration. TEDDE (1988: 273). The reduction in the discount instalment can be checked in the Marquis de Cerralbo case. Archivo Histórico del Banco de España, Secretaría, Caja 1.021.

¹⁵ 'The landlords must be careful and avoid being *alcanzados* by their stewards, and if it happens they must be paid immediately, even if the money has to be obtained elsewhere. If this was not possible, another rent could be agreed which they would receive at the first harvest. The noble houses that owe to their stewards are lost. We can see how the noblemen are handled by their stewards like harlequins and, besides, they must be condescending towards them. People often ignore many times that the cause is that they are the debtors of their stewards'. TROCHE ZUÑIGA (1996: 228).

¹⁶ Based on corrections in LÓPEZ & ROBLEDO (2004).

Crown and confusion between public and private rents, between Treasury and private estates, saved the nobles. Although there was a pact between the monarchy and the nobility during the liberal revolution, around 1890, when the House of Osuna came under pressure from the creditors –even though this case was an exception to the rule- there was no hiding behind political solutions and Urquijo, a banker at the head of a group of capitalists from Madrid, ‘took over’ the Duke of Osuna. This is one of the results of the revolution¹⁷.

It is true that the network of liberal agrarian relations – which had remained unchanged until the Second Republic – in a society where the relation between land and work was more beneficial to the former until at least the early twentieth century had protected the economic situation of the old lords (and the new ones). However, it was not enough to guarantee the continuity of the traditional elites. Indeed, two or three generations after disentanglement, most property owners came to occupy places further down the social and economic ladder. With no *mayorazgos* and no privileged credit, the hegemonic continuity of the nobility was no longer viable.

For the decline to be less traumatic on a number of noble estates, as can be seen in the list of high tax payers of 1854, with the old nobility at the top of the list (Congost, 1983) the nobility had to adapt to the new regime by acquiring new property rights. The land agents and managers of the nobles’ estates were very familiar with these changes and played a very important role in adapting property to the new order. Their role was particularly significant in the following areas:

Resolution in favour of the nobles of legal disputes regarding estates. The land agent-steward-legal adviser structure is a good example of how important information was to the success of maintaining property when the estate abolition law was enacted in 1837. There is no question that the nobles of Andalusia were able successfully to confront peasants who disputed their rights to property thanks to the fact that the management system minimized information costs, even although there was an element of bribery with the courts (Bernal, 1979: 99-105).

The conversion of Ancien Regime rents into treasury bonds. The principal of State tax monopoly was established in the 1845 tax reform and rents in the form of tithes

¹⁷ Alonso Martínez, to whom authorship of the 1888 Civil Code is attributed, was entrusted in 1863 with clarifying the situation of the estate of the Duke of Osuna e Infantado as the said estate was to be mortgaged for ninety million reales. Alonso Martínez declared: ‘*El Excmo. Señor Duque de Osuna es hoy, a la verdad, un propietario particular; sus bienes son completamente libres, pero esto se debe a las conquistas de la revolución*’ (‘His Excellency the Duke of Osuna e Infantado is at present, if the truth were spoken, a private proprietor; his estate is completely unencumbered, but this is a result of the conquests of the revolution’), Dictamen del Excmo. Señor Don Manuel Alonso Martínez (...), 1863: ROBLEDO (1991: 262).

and sales taxes collected by the old aristocracy were abolished and compensation was set up in the form of treasury bonds. These rights were only recognised if the nobles presented the rents received in the form of taxes for the period 1827-1836. The land agents of the noble houses were entrusted with investigating payment of these rents and presenting certification to the agents in Madrid who in turn were in charge of all dealings with the Treasury (Robledo, 1985).

Access to communal property by irregular means. The classic phenomenon of misappropriation of communal property did not fall into decline in the nineteenth century, but it remained largely hidden behind a chaotic confiscation which resulted in large areas of land which were not auctioned being privatized and in land that was auctioned appropriating a larger area than that they had paid for. This led to many legal disputes over area acquired fraudulently (López Estudillo, 1992). As the provincial administrator or local land agent was normally a member of the local oligarchy, it is no surprise that the landlords, as in Valencia, were able to compensate for the drop in rents from the *former* estates by acquiring the *new* communal property, in collusion with those in power locally (Martínez Gallego, 2002: 168).

Inscription in the Register of Property Ownership (1861) so that the new property would acquire a security it had previously lacked. The landlord collected rents, but very frequently there was no title defining land area and justifying ownership of the land, a requirement of the new Property Ownership Register. Only the land agents, who were aware of the loopholes in many laws, were able to solve the problem of justifying ownership by obtaining testimonies from stewards or tenant farmers. Rent then was no longer a feudal rent but a land rent.

V. Conclusions

The complexity of traditional income in a world of fragmentary information meant that the nobles were very dependent on their administrators and land agents and this increased with the concentration of estates in the hands of the Grandees. There was an increase in management costs and there was also an increase in the spending of the nobles fired by the credit system which favoured them and by increases in property which often meant no real increase as the debts secured on the property were often greater than the income obtained. The patrimonialist choice had reached its highest point because the entailed estate system was no longer viable.

Old property owners, especially the Church, faced difficult financial times at the end of the eighteenth century and the beginning of the 19th century due to high taxes and non-payment of feudal rents by the lower classes. There can be no comparison

between the increases in rent in England. David Ricardo, like Lord Byron¹⁸, considered the English landowners to be the main beneficiaries during this period, however we prefer to talk about *the long night of the Spanish aristocracy*. In this situation, and with an incipient financial system, the liquidity of the nobility estates depended on the loans given by the stewards with the future agrarian rents as a guarantee. The old credit system of the *censos* had collapsed and now lenders attached conditions to a loan and extended it only if it was of benefit to them. The management of the landlords' assets included a financial service that allowed the steward to control 'his' principal, according to the well-known relation of agency theory.

This gave stewards an opportunity to control Grandees by using sporadic loans, as happened in Portugal where the court nobility turned to businessmen and to their own tenants (Freitas Monteiro, 2003: 396). In a world where property remained entailed or semi-entailed and where the credit market was not developed, stewards (and other land agents: representatives, tenants of large holdings, notaries, etc.) knew how to take full advantage of lawsuits over inheritances or tenders of creditors of the nobility.

Finally, we must not underestimate the important role played by land agents in the recognition of new property rights: they ensured acceptance of old rights and dealt with disputes and increasing tax burdens. This enabled the nobility least affected by disputes regarding their rights to take advantage of the expansion in agrarian capitalism and land rents (1850-1880). It should be pointed out that it would be misleading to give this period of relative economic buoyancy any more consideration than it deserves and even more misleading to believe that there was a kind of collective salvation of the old Spanish nobility. Instead of typically focussing on the leading role of the old landlord who was the target of criticism of the agrarian reformers, we should rather focus on other minor players (stewards and other land agents) who, as had also happened during the crisis of the *Ancien Regime*, were to have a new opportunity during the crisis at the end of the nineteenth century and would occupy leading positions as provincial landlords at the time of the Republican agrarian reform. However, the reformists still looked with critically towards the aristocracy who had long since seen better days.

18 'Blood, sweat, and tear-wrung millions – why? for rent!/They roar'd they dined, they drank, they swore they meant/ To die for England – why then live? for rent!', *The Age of Bronze* (1823): TREVILLIAN, (1967: 480).

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