

Thesis of PhD Dissertation

**The Economic Activity of the Kis Orbán Family in Debrecen
in the First Half of the 19th Century**

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The large-scale impoverishment of the nobility in the late 18th century started a new era in the development of towns in the Plain region. Members of the lower nobility who had lost their land and were forced by circumstances to choose an occupation in industry or trade settled down in Debrecen as well as in other Hungarian towns. As Debrecen's new entrepreneurs, they took an increasingly active part in the administration of the town as members of the senate and the general assembly. In spite of their relatively low number in comparison to the size of the population they played a decisive role in public life.

The members of the Kis Orbán family, like several other merchant families, were nobles who settled in the town. It was during their second generation in Debrecen that they retrieved, in quite a dubious way, their patent of nobility. They traced their nobility back now to the age of Gábor Báthory, now to the age of Gábor Bethlen, from whom they claimed to have received their patent of nobility in 1613.

Several members of the family played major roles in the administration of the town. Historiographers consider the Kis Orbán family one of the most prominent upper-class families in town. In the first half of the 19th century they dominated the textile and leather trade in and around Debrecen. Their economic activity can be followed from 1752 till the 1850s.

My thesis aims to examine the economic activity of this merchant family in Debrecen in the first half of the 19th century. The available sources make it possible to research the establishment, prospering period and bankruptcy of enterprises as well as the living conditions and aspirations of the bourgeoisie of the feudal era. They provide information on the everyday course of local trade, the turnover of markets, shops and commission shops; and the relationships between wholesalers and retailers. Moreover, they reveal a lot of additional information on wholesale and retail commercial credit, which, up to the present day, has not been treated systematically by Hungarian historiography.

Special Literature

From the abundance of relevant literature on local history it is István Szűcs's monograph published in 1871 that is still indispensable for the modern researcher, just like the second volume of the History of Debrecen edited by István Rácz, published in 1981. The latter is an up-to-date summary of the town's history between 1693 and 1849.

As far as works of family history are concerned, Éva Benkő's study on the linen-merchant Kardos dynasty has proved very useful. The author uses economic documents in her analysis of the history of the family's trading activity. So far, literature on the activity of merchants in

Debrecen has seemed to ignore sources of economic history. Even so, it is helpful for research on economic history.

Sources on the family's history and economic activity

The analysis of the economic activity of the Kis Orbán family is facilitated by outstandingly ample source material.

In 1910, the archives of the Déri Museum came in possession of the Kis Orbán family's business and private correspondence, and various economic documents, official certificates and lease contracts. Antal Nagybányai Rickl's donation completed the material with the enterprise's business records and other documents between 1920 and 1930.

In 1953 the unity of the material, kept together until then, was broken on the grounds of file sorting. The eighteen volumes of records of the family's economic activity were transferred to the Archives of Hajdú-Bihar County. Of utmost importance as sources of research are credit books, which were used for recording the debts of the business's customers. Credit books contained the debtor's name and address, the time of the purchase, the names, amounts and prices of the purchased goods, and the time and way of repayment.

Cash books are another important part of the material. They recorded the business's own purchases from various traders. They already used the phrases *debit* and *credit*, and the records, apart from the earliest ones, contained the names, amounts and prices of the purchased goods, the time and way of the purchase and repayment. In order to keep an up-to-date track of the repayments, the names of debtors and the sums of the debts were recorded in the chief account books as well. The time when the debt was incurred, the amount of money and the time of repayment were written under the debtor's name in chronological order. There was also an index for easier reference.

The register of the shipment of goods to Várad (Oradea) has escaped researchers' attention so far. It lists the exact names, amounts and prices of the various leather products shipped to the store in Várad.

During the computerised processing of the economic records I attempted to answer the following questions:

- Who were the wholesale traders the business came into contact with?
- What was the ratio of the sums of the commodity credits to their repayments?

- What was the ratio of purchases at fairs to those made elsewhere? Was it possible to maintain continuous business only from purchases outside fairs?
- Are those traders who kept the established trading network in motion by their continuous movement to be classified as peddlers?
- Was the trader at the end of the network a commission merchant or limited in his decisions because of debts?
- Can local trade be described on the basis of the answers to the questions above (the occupation and place of residence of the person purchasing on credit, the purchased goods and their prices and the time and way of repayment)?
- Do the available figures and data supply enough information for the description of the social conditions of the age?
- What are the underlying reasons for the decline of business in the leather store in Debrecen and the prosperity of the same business in Nagyvárad?
- Does that possibly imply that Debrecen's role as a commercial centre was gradually taken over by Nagyvárad?

The sources made it possible to study the establishment, the prosperity and the bankruptcy of the family's trading business. The examination of the economic activities gave an insight into the "cívís" burghers' view of life and attitude to bourgeois values. The cívís people of Debrecen tended to have a rather feudalistic way of thinking; they even went to court and sacrificed large sums to prove their nobility. I could not avoid throwing some light on this aspect, either. Apart from providing information on the Kis Orbán family's economic activity, the sources also make it possible to follow certain family members' entire courses of life.

Successful merchants in the Kis Orbán family

The family's founder, János Orbán moved to Debrecen from [Nagy]Kálló. The Book of Citizens first mentions him in 1740 as a market tailor and house owner in Csapó street. He must have been the first entrepreneur in the history of this family of dubious nobility. All in all, he established the family's fortune and career in Debrecen.

His son, István was already a trained merchant. He spent his journeyman's years in Lőcse (Levoca in today's Slovakia). From 1780 he was member of the Merchants' Society in

Debrecen, and ten years later he was vice-chair of the Society. In 1787, by marrying Júlia Némethy, the merchant József Némethy and Erzsébet Óze's daughter, he married into one of the town's richest families. Owing to his successful trading, he increased the family's fortune. Even without his trading business the family would have belonged to the wealthy citizens in town by virtue of his house in Ceglédi Street and his allotments of ploughland, grassland and woodland on the outskirts, as well as his large vineyard purchased in the village of Vajda.

Besides fortune, the family earned general respect and authority. With their title of nobility renewed in 1809 and their high-ranking offices in the council and the senate, the offspring of the one-time tailor rose to the most prominent ranks in town.

István Kis Orbán, who regained the title of nobility, had a son called János II, who ran a prospering leather store between 1830 and 50. His success led to the opening of another store in Nagyvárád. However, he gave up his business in 1850 and earned his living by letting his property.

Lawsuits in the Kis Orbán family's history

Apart from the documents of the successful business, the family's bequest contains the documentation of the lawsuits that accompanied this respectable family throughout its history. Family conflicts broke out as early as in the second generation. János Orbán's children could not agree about their father's heritage, which led to fierce enmity in the family. István Kis Orbán did his brother János out of all his money, leaving him penniless. Such incidents were not uncommon in the 19th century. Although inheritance according to the principle of equal distribution was looked upon as a remarkable achievement in the age, practically it meant breaking up the family fortune into such small parts that it was virtually impossible for any of the heirs to carry on the business.

Enrichment and squandering

To the historian, the family members appear as opposite pairs in their everyday lives and attitudes to the business. One of János Orbán's two sons, István was very ambitious. He did not drift but stood up for both his own and his family's interests. His brother János was just the opposite. Unlike István's marriage, his was based on emotion rather than ambition. He took out a series of loans to be able to pay the price of the ancestral house. For decades, he

was unable to repay his debts. He just drifted helplessly and it seems to have been ordained by destiny that his house came under the hammer twice.

The lives of the two brothers' children were also full of contradictions. István considered the education of all his four sons extremely important. Perhaps that is why their careers became so diverse. With the exception of János, they only enjoyed their wealth without investing their talent and work into preserving or increasing it.

The eldest son, Dénes, had a rather unclear relationship with the family. He did not hesitate to squander, either. According to his mother's will, it was János who had to repay his debt of 1.000 Guildens. Yet he was disinherited by his mother, and he did not manage to have her will changed even through an acrimonious lawsuit. On the contrary, litigation undermined the family's reputation in the eyes of the town's elite.

It was also the family who had to repay the enormous debts of László, who died at a relatively early age.

The second-born István was given all opportunities to become a successful merchant. By choosing a girl from the Simonffy family, he married into one of the wealthiest and most prestigious families in town. Already in the year of his wedding he bought an impressive house in the centre. He opened his textile store with his family's help only to go bankrupt as soon as in 1838. As a consequence, the extended family's all movable and immovable property was sequestered.

As a lawyer, Lajos Kis Orbán was member of the town's grand council. Like his brother István he married into the Simonffy family. There are only indirect sources as to his economic activity. He cultivated the vineyard in Vajda, which he inherited in 1840. It was an enormous fortune, and it would have sufficiently provided for several families had it been managed efficiently.

The family's trading business was the most prosperous during the management of János II Orbán Kis. That was when business in the leather store flourished. The fact that – together with his brother Lajos – he paid off all the family's debts by 1843 throws some light upon the size of his income. His commercial expertise was generally acknowledged in town, by virtue of which he became an adviser on bills of exchange in the Savings Bank of Debrecen.

Credit conditions in Debrecen in the first half of the 19th century

The industrial revolution and the economic life it triggered necessitated a greater concentration of capital and the more rapid availability of a larger amount of credit than ever before. This created a need for the establishment of banks and financial institutions to accumulate the temporarily dispensable reserves and for the circulation of money as a commercial item. However, in Hungary, and likewise in Debrecen, there were only the old forms of credit from the feudal era available up until the 1840s. Therefore, until the late 1840s, the Kis Orbán family had no other sources of credit at their disposal to finance their trading business and their extravagance.

Debrecen's primary creditors were the savings banks managed by the Reformed College and the town administration. According to a statement from 1818 the savings banks subordinate to the College had a total capital of 237.638 guildens, with 106.992 guildens of displaced capital. By 1849 the total amount of credit granted by the College rose to 281.356 guildens.

Of the town's savings banks it was the orphan treasury that had the most capital. It was established in 1775 with an original capital of 30.000 guildens returned to the town by Maria Theresa, who demanded that the interest it yielded should be used for building an orphanage. The orphanage was never built, but the advice to invest the capital was taken. By 1848 the free capital of the orphan treasury rose to 138.188 guildens. Other savings banks had much less liquid capital. The town administration did not leave the money uninvested. At the inspection of the savings banks of the town in 1840 a total expenditure of 140.000 guildens were recorded, the majority of which was displacement of capital.

The profits yielded by liquid capital involved private persons as well. There are records of debates between creditors and debtors from as early as the 17th century. In 1849 there were 161 registered persons who took out loans.

The town's credit conditions were very strict. The money of the community had to be handled with more care than one's own possessions. Wasting the community's money meant losing face. The interest rate was 6% and the debtor was to pay it annually. The repayment of the loan was due on the date specified in the contract.

The individual loans taken out in Debrecen usually varied between 100 and 300 guildens. Over 90% of the loans granted by the Reformed college were of that size. If we look at the relationships between debtors and creditors as reflected by lawsuits, we get a telling picture of the credit life of the age. The system worked in a conspicuously inefficient way. Creditors' priority was the regular annual payment of the interest. If the debtor failed to do so, it resulted in the withdrawal of the loan contract. It is no exaggeration that most of the

debtors sued were even unable to pay the interest alone. Under such circumstances there was no warranty of repayment. The cases taken to the town's civil court often ended in the debtor's house being auctioned. However, most debtors did pay back.

A small portion of borrowers intended to obtain large sums in the hope of realising some ambitious purpose. When it came to a lawsuit, the civil court usually ruled in favour of the creditor, but most of the time there was no execution. To recover debts, there was no other choice left but auction debtors' possessions. In 1840, with the establishment of the Bankruptcy Court and the Bills of Exchange Court, bankruptcy proceedings became faster and more efficient; for example, the so far complicated evidence proceedings were simplified. The courts followed the customary practice of windup proceedings in their work. During their operation, the two courts made judgements in hundreds of cases. It was the Bills of Exchange Court that settled debates between creditors and debtors quickly and satisfactorily. The Bankruptcy Court only had to deal with windup cases.

It was to protect debtors and creditors alike. If a creditor made false claims, it was sufficient reason for criminal prosecution. Consequences were similarly grave if the debtor was suspected of concealing some of his debts or hiding something when his possessions were taken stock of. During the operation of the Bankruptcy Court – between 1842 and 1850 – there were 25 suits, and on 18 occasions it was a trader who got into trouble. The years 1846 and 47 were especially memorable with 7 cases against traders.

The connections of local textile trade

The fact that most of the commodity credit was obtained during national fairs in Debrecen, where merchants arrived from Vienna, Pest, Pozsony and Füred, suggests that Debrecen proved an excellent market for fine textiles imported from the west. The rapid circulation of the extremely valuable stock of goods leads us to the conclusion that the sold items were textiles, which were in short supply in local trade. Provided this statement is right, it may serve as an addition to Walter Endrei's findings in this area.

Before the products of Hungarian textile factories came onto the market, imported goods "occupied" not only the western but also the eastern regions of the country. Only few Hungarian factories were able to compete with Western European products, which conquered markets forcefully through intermediary trade.

Research has shown that between 1806 and 1832 one of the Kis Orbán store's most important suppliers was the Valero factory in Pest. This successful Hungarian textile

factory must have had a well-organised market, but it is yet to be proved by further research.

During our research it was important to clarify how widespread connections the business had at various stages of the enterprise. Data suggest that the business came into contact with the distributor rather than the manufacturer. It was recently appeared travelling merchants that were constantly on the move in the hope of profit and delivered the goods to the retailers all over Hungary. Comparing the amounts of commodity credit obtained in and out of fairs, we can see that in the period between 1808 and 1816 the turnover out of fairs was very high, especially from 1808 onwards. It was well above the turnover in fairs. The out-of-fair turnover also reveals that the constant supply of goods was provided by travelling merchants. In 1808 the business purchased goods from over 40 merchants. They offered their wholesale goods for sale both in and out of fairs.

On the nature of commodity credit

During the analysis, we took special care to examine the role of commodity credit in the Kis Orbán business. It is questionable to break down credits and their repayment on an annual basis for examination, because debts and their repayment deadlines did not probably adjust to the end of the year. However, there were no other methods to examine how the two items related to each other. If we take a longer time span, fluctuations are evened out, and the annual breakdown shows the dominant tendencies both on the “debit” and the “credit” sides.

At the initial stages of a trading enterprise the trader may even have taken two years to pay back the first instalment. After that, a balance developed between credit and debt. In case of a trading business started on a large scale, this balancing period was often shorter, with large sums of repayment. As far as repayment was concerned, commodity credit meant a great risk. The trader who purchased his goods on credit himself, sold them on credit to customers and users. It demanded day-to-day book-keeping to keep track of the assets. The enterprises discussed in the study were also worth looking at from the aspect of how they had their assets recovered by the customers. According to the account books of the years 1830 and 31, in János II Kis Orbán's leather store customers were served only if they had repaid their previous debts. This way of repayment can be considered the general practice. In spite of the large number of purchases on credit, it was only occasionally that a trader had to use the force of law in order to recover their assets. In my scope of investigation,

only István II Kis Orbán had frozen assets, which was mainly due to inaccurate book-keeping.

Were the Kis Orbáns independent traders or wholesalers' commission merchants?

It is an important question how limited traders who had obtained commodity credit were in their decisions owing to their dependence on wholesalers. Were they independent traders or wholesalers' commission merchants? In his relationship with János II Kis Orbán, Anastasius Lyka, wholesaler from Pest, apparently did his best to pursue his own interests. Their correspondence reveals that Lyka's ambition was to tie to himself all craftsmen working with leather from the region by means of his contact in Debrecen. Nevertheless, however dependent János II Kis Orbán was on commodity credits from wholesalers, he was not their commission merchant. In spite of Lyka's overt disapproval, he always looked for and found contact with other merchants as well.

The picture of local trade

Credit books give us information about the buyers' occupations and places of residence, the purchased goods with their prices and the time and way of repayment. During the analysis of these sources the most important question was whether local trade can be sufficiently described on the basis of the above data. Furthermore, do the data supply enough information to analyse the social conditions of the age?

To find the answers, I analysed and evaluated the credits given by the textile store between 1813-16. The credit books give a picture of a bustling commercial life. The years between 1806-15 were a period of boom due to the Napoleonic wars. It was partly because of the economic upswing that people from all walks of urban society were mentioned in the account books. The most popular textiles were black velvet and lace, but taffeta and satin also sold well. The clothes made from the material bought there were worn on special occasions. The warmth of relationships and the picture of man taking care of his companions shine through from behind the data. The given word had value and honesty was held in high esteem. Creditors were in touch with one another, so it would have been shameful for debtors not to pay off their debts. If someone had difficulty paying, debtor and creditor made a joint effort to find a solution. Debts were often paid by work. If the

default in payment was due to one's financial constraints, they were given postponement or even further credit to be able to pay later.

The credit book provides new, so far unknown information about bonnet-makers and head-dress makers. Bonnets were very fashionable at that time, and wearing them was associated with social prestige. The account book reveals that the most skilful bonnet-makers of Debrecen were constantly supplied with work and they regularly appeared at the nearby fairs. The description of their activity may prove a useful contribution to ethnography and social science.

The account book contains separate records of purchases for funerals, with the remark "for the deceased". Wealthy townspeople to whom the appreciation of their environment mattered a lot could afford to take leave of their beloved in a most spectacular way. The credit book gives a detailed list of the items of the purchases, which often exceeded 400 rhen forints. By describing the purchases for the deceased I was able to make contributions to the above mentioned academic areas.

I examined the commodity credits of the leather store in the prosperous stage of the enterprise, between 1830-33. I applied the same viewpoints as before: I examined who the customers were, what leather products were in demand and in supply, and how assets were recovered. During the three years with the highest turnover, the purchasers were almost exclusively bootmakers. Apart from them, there are only two saddlers mentioned in the credit book. The best-selling type of leather was cordovan. All the other types such as crimson, white morocco and Muscovy leather were sold in smaller quantities.

Among the customers there were several persons registered as bootmakers who made purchases worth more than two thousand forints. We can only presume that those skilful craftsmen employed lots of apprentices and masters who did not join a guild. The craftsmen took pleasure in buying; in 1833 they bought leather worth nearly 35.000 forints. Lastly, I examined the local turnover between 1846 and 1850. Its decline must have been in connection with the period of recession and scarcity that began in 1846. However, no other reasons were to be detected.

The establishment and operation of the store in Nagyvárád

The establishment of the leather store in Nagyvárád can be looked upon as an outstanding episode in the history of the Kis Orbán family's trading business. János II Kis Orbán attempted to set up a network of leather stores. The subsidiary store in Nagyvárád was

based on the close economic links between the two towns. Unfortunately, owing to the difficulties of conducting research outside Hungary, the history of the two towns' economic cooperation has not been treated by literature. Our research has added to the present knowledge about the trade between Nagyvárád and Debrecen. The family's trading activity in Nagyvárád has somehow escaped researchers' attention, although the related sources are valuable. They give an opportunity for the better understanding of the economic processes in the first half of the 19th century.

The sources contain the register of leather shipped to Nagyvárád between 1836 and 1849. What adds to its significance is that between 1836 and 1842 it listed each item with its cost price and selling price. This register, which was kept for four years, made it possible to analyse commercial profit as well. Carts loaded with leather set off for Nagyvárád almost every week. The store made big profits. Between 1836 and 1848 János II Kis Orbán's people sold leather worth 619.344 forints in the episcopal town.

The research of available sources made it possible to examine the history of three generations in the family throughout one hundred years. While looking at their history and economic activity, one becomes witness to the decline of feudalism and, parallelly, the beginnings of bourgeois development. The age saw the disintegration of the industrial and commercial activity of guilds and the emergence of profit-oriented traders. It was in the decades of that great economic shift that both the Kis Orbán family and the town of Debrecen searched for ways of making progress. Although the industrial revolution did not yet affect the town's trade and credit life infrastructurally, it became obvious that guilds no longer shaped its economy and society. "The new order", unable to keep within limits, was just about to leave them behind.

Related publications:

Krankovics Ilona: The history of the house of the Kis Orbáns, a merchant family in Debrecen In.: Yearbook of the Déri Museum in Debrecen 1992-1993, Debrecen 1994.

Krankovics Ilona: The economic consequences of the devaluation in 1811 as revealed by archival sources. In.: Numizmatika és a társtudományok II. 1995, Debrecen, 1996.

Krankovics Ilona: Credit conditions in Debrecen as reflected by bankruptcy suits in the first half of the 19th century. In.:

Numizmatika és társtudományok III. Nyíregyháza 1999,
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Krankovics Ilona: The History of the Thermal Bath in Debrecen, 2001.

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Krankovics Ilona: Creditors, debtors and bankruptcy suits in Debrecen between 1842-1850.
In.: Yearbook of the Déri Museum in Debrecen 2006, Debrecen 2007.