

1974-10-17: [RENTES] Family Capitalism.

Although the system of lineage property restrained each generation from disposing freely of the family fortune, and thus hindered the pooling of capital for corporate capitalistic enterprises, one can say that there was a kind of family capitalism at work. The typical shape of a wealthy bourgeois or new noble family shows a very large percentage of the family fortune to have been invested in *rentes* and it is not much appreciated how *rentes* constituted a fluid element" in the economic system. *Rentes* seem to be a very stable investment, usually 4 or 5 percent per annum received in perpetuity in exchange for the perpetual alienation of some property to another person. In the simplest case, it was land or a house--real property in the purest sense--which was transferred, and which would be recoverable (although only by a very arduous, several year process) if the rentier fell in arrears. But already in the 16th century, such perpetual *rentes* could be had by the transfer of a sum of money (*rente constitué à prix d'argent*). This was a deliberate and conscious way of escaping the laws against usury; since the rate was low (4 or 5 percent), it was not considered sinfully usurious, and since the debtor had perpetual use of the property acquired, but could repurchase the *rente* whenever he chose, his position was regarded as legally secure.

Whenever a piece of land was involved, the establishment of a *rente* made two owners: the debi-rentier had the property itself, and in the eyes of the law was the useful *propriétaire*; the credi-rentier had only his annuity, but the security for it being land could consider himself the original owner (and if it were a fief, he could retain seigneurial rights and dues). This seemingly stabilized relationship is made illusory, however, by the fact that both the debi-rentier and the credi-rentier could dispose of their interest to a third party at will: the debi-rentier either selling and exchanging the useful ownership for cash or some other property, and the new debi-rentier assuming the *rente* with which the land was charged; and the credi-rentier could also sell or exchange, for cash or some other *rente*, his perpetual annuity to a third party. In this light, *rentes* constituted a kind of fluidity of wealth that could be realized at any time by two different parties involved with the same piece of real property. And when one adds to this the kind of *rentes constitués a prix d'argent*, which was nothing more than a perpetual long-interest loan, with the estate of the debi-rentier as the surety, we see that there were vast possibilities of flow of capital. The limitation is always there, however, that the *rente* situation created lineage property in both the debi-rentier and the credi-rentier as soon as there was a devolution of either by heritage. Each generation of a family, therefore, had a certain amount of fluid capital that was classified as lineage property; but it was expected that the final inheritance would provide at least as much value of lineage property to the next generation as had come from the previous one. What could be done during any given generation in terms of "capitalizing" the family heritage was subject always to the rules that required its ultimate replacement, and limited by the fact that the heritage would always be immobilized anew when it passed to the next generation. One is seldom, therefore, dealing with vast sums of money that could be separated from the family for any length of time.

The mentality of the middle-sized fortunes was thus bound to be conservative. If a certain generation wanted to enter very speculative endeavors, the wealth with which it started, as small as it may have been, would likely be largely in lineage property which they would have to restore for their own heirs. What is more, some part of newly acquired real property (*acquêts*) would probably be put into the form of *propres* for the next generation. Even the wealthy bourgeois would keep a good portion of his estate in *propres*, for the security of future generations. And for the families that finally sought noble status, and were forced to leave

commerce, the impulse was to put the greatest part of the family fortune in lineage property: land, *rentes* and office. [As we move closer to our times, the value of personal property--furnishings, jewelry, art objects--became greater and greater. This part of an individual's fortune was disposable by him at will, but almost by their very nature these things tended to stay within the family as heirlooms and so swell, not decrease, the size of the heritage transferred through the generations.

As far as economic activity is concerned, therefore, the system of lineage property worked to build stable family units. Within each generation there was some possibility of mobilizing capital, but both the laws and the family interest favored keeping the family fortune in land, perpetual annuities and inherited office, it is often remarked how French wealth seemed to shy away from great capitalistic endeavors; the function of the laws of succession to lineage property helps understand why this was so.