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Inheritance in family business

The "long" merchant family: problems concerning generation change.

Merchants in the early modern age often worked on a long-range basis. They were building their business not only for themselves, but for future generations as well. But problems arose when generations changed. If there were several children in the family, the inheritance were divided on all of them. Then several heirs would have to take over a business which only one couple had before, or the one who took over would have to do with less resources than the predecessor had. This paper deals with how problems of generation change were handled in a Norwegian city in the period 1680-1820. Mobilisation of network, marriage strategy, careful distribution of inheritance, and ways of getting round the inheritance rules will be discussed.

In pre-industrial age trading houses were often based on family. In early modern time we know many merchant houses in activity not only during a merchant's lifetime, but lasting through several generations. These houses belonged in the capitalistic sector of the economy, trading over the national borders in a more or less far ranging world economy.¹ The French historian Fernand Braudel emphasises the "long" families in the building of capital. When he asks how a merchant came to be one of the few in the top layer of the economy, he answers that the recipe was to have something to start with.² A person belonging to one of those families already engaged in large business had every opportunity to succeed, compared to a person starting from scratch. The construction of the bourgeoisie was based on a patient management of the family fortune, implicating that ambitions were brought on to children and grandchildren. In the same way the German economic historian Werner Sombart explicitly distinguished between the

¹ Braudel 1986.

family business and the modern capitalistic firm.³ For such families the firm was not a means to get rich as fast and simple as possible, but a link which family members attached to, important not only to build and secure the economy, but as much to secure an honourable position for the family and the descendants. Sombart takes as his example among others the houses Medici, Welser and Fugger in the 15th and 16th centuries. But the emphasise on the house's and the family's honour is found also in Thomas Mann's novel on the House Buddenbrook in the 19th century.⁴

There are some contradictions between this long range perspective with its wish to construct, protect, and pass on to the descendants on one hand, and on the other hand principles for division of heritage when generations change. The problem was that if there were several children in the family, the inheritance was divided on all of them. Then several heirs would have to take over a business, which only one couple had before, or the one who took over would have to do with less resources than the predecessor had. Knut Sprauten, in his history on Oslo, emphasises the threat division of estates at death posed to the firms. It was a problem to make the composition of the portions such that one of the heirs could hold on to a large enough share of the estate needed to make the business rational.⁵ Andreas Holmsen has written about one of Oslo's most prominent timber merchants, and stresses how capital formation is not necessarily permanent. At every change of generation there had to be an economic regeneration. A successful regeneration could be a result of the combination of several aspects, as the heir's competence and cleverness, or goodwill from family of origin and family of marriage.⁶ In this paper I will deal with some of these problems.

My research on this has focused on some of the largest merchant houses in 18th century Trondheim, one of the larger cities in Norway.⁷ These merchant houses were based on international trade with three kinds of export products: fish, timber and copper, as well as import. In their export trades the merchants had owner interests as well as

² Braudel 1985, vol. 2, p. 282ff.

³ Sombart 1917, vol. 2, p. 88ff.

⁴ Thomas Mann: Buddenbrooks. Der Verfall einer Familie, published 1901.

⁵ Sprauten 1992, p. 321.

⁶ Holmsen 1946, p. 3, 285, Holmsen 1971, p. 160.

⁷ Bull 1992 and 1998. The research focuses on four families: the Angell family, active in business in Trondheim for three generations from c.1650 to 1767, the Horneman family c.1660-1788, the Hoë family 1766-1877, the Lorck family c.1777-1901. The latter families are followed up to the 1830's. Other merchant families are studied less thoroughly. Archival matter from the Angell family is kept in *Thomas Angells stiftelser*, Trondheim. From the other families archives are kept in the Regional State Archive in Trondheim (SAT).

trading interests. Most of the larger merchants in international trade were immigrants to Trondheim, the immigration starting about 1650. Many came from the same region, Flensburg, immediately south of the border between Denmark and Germany. In their trade they could build on ancient relations between their home region and the Norwegian fish trade.

When Christen Henriksen Pram wrote a traveller's diary in 1804-06 he acknowledged the many immigrant merchants in Trondheim. But he was of the opinion that few of them had managed to build up a substantial capital, because what was gathered in one generation, was split between the heirs in the next generation.⁸ The local historian Olaus Schmidt was of the opinion that the merchant houses most commonly were continued by the successors in several generations.⁹ The merchant houses I have focused on were all in activity during at least two generations, some during several generations. Even if Christen Pram may have been right in his impression that many of the merchants did not manage to hand their business intact over to the next generation, some of the merchants quite clearly did. Focusing on generation changes in these merchant houses might bring some answers as to what kind of problems arose, what mechanisms worked in these situations, and how people tried to solve the problems.

How did merchants behave to secure the continuity of their trade through generations? Based on legal inheritance rules and traditional practice, sons were obviously those who were given priority. Focus will be put on how sons were prepared for their future role, and whether the oldest son was chosen before the others. Sons could be a scarcity, though. Daughters could be chosen as heir, but then through a husband. A proper marriage strategy would in such cases be important, and choosing the right spouse could be vital for a male heir as well. In the process of generation change the relationship between the siblings in the new generation was crucial. Could more than one be chosen as successor, in the way that siblings managed the business together as partners? How was the position of siblings not inheriting the business: what kind of resources did they get? Did their parts of the inheritance drain the business, or did they suffer losses for the benefit of the oldest son?

⁸ Pram, p. 51.

⁹ Schmidt 1932?

The juridical law of inheritance

The law regulated how property should be shared between heirs. The old Norwegian laws were collected and co-ordinated in the late 13th century. These laws were in force until the Norwegian laws of King Christian 4th were published in 1604, but these were mainly a modernisation in language of the old laws. More new elements, with greater influence from the Danish laws, were published in 1687 in King Christian 5th's reign. Common to these laws were that children born in marriage inherited their father and mother, that daughters inherited half as much as sons did, and that all sons should inherit goods of the same value, as should all daughters on their part. But the laws also had some regulations concerning what *kind* of property each of the heirs should have. The old laws stated that sons should have land, while daughters should have movable goods or land not connected to a farm. Among the sons the oldest inherited the family's main farm. The younger law of 1687 does not distinguish between younger sons and daughters in what kind of inheritance they should have, only in the amount, which was still twice as much for a son compared with a daughter. The oldest son still had the right to keep the main farm undivided.¹⁰ It was not until 1854 women and men were made equal in inheritance matters. The law refers especially to farms and farmland, but it seems likely that the rules made for a peasant society were applied, even if somewhat modified, also in the urban economy.

The Norwegian law restricted parents' testamentary freedom quite substantially. Parents were not allowed to give one of their children gifts without compensating the other children. For people having children, the only alternative to following the above stated inheritance rules was to give goods to church, school or the poor.¹¹ Giving one of the heirs priority to succession by testamentary means was thus not an alternative.

Training the successors

To make the merchant house survive through several generations, it was necessary that the heirs received the necessary education. The knowledge they needed could be achieved in several ways: through training in the business at home, through training in other merchant houses – preferably abroad – or through schooling at different levels.

¹⁰ *Magnus Lagabøters landslov*, translated by Absalon Taranger, Kristiania, 1915. *Kong Christian den Femtes Norske Lov* 15de April 1687, made available on World Wide Web by Prosjekt for nettbaserte hovedfagsstudier (PNH) based on ISBN 82-00-05555-8 Universitetsforlaget 1982. The birthright of the firstborn, called "åsetesrett", Imsen & Winge 1999, p. 490.

Not all sons destined for the business received the same training. What was chosen, depended on age, position among the siblings, ambitions, and abilities. It depended also on the family's social position, what resources they could use on education, how long time they were able to keep sons in an educational position without doing much work in the business, and what kind of network they could rely on for educational purposes.¹²

In the education of children in merchant families, gender was the most decisive factor. As sons inherited the family farm in peasant society, sons were expected to be the ones to carry on the family business as well. They were expected to be leaders of the business, and needed an education to prepare them for that task. Catherine Hall has described the sons' education, training and part of the family firm as the sons' "dowry", as compared to the sum of money daughters received as their dowry at marriage.¹³ Women's activity in business life was based on experience and practical knowledge, and not formal education.¹⁴ Women's road to leadership in business went through a husband, as his assistant and informal partner, and as head of the business only in case of widowhood.

Experience was the basis of every merchant's activity. Experience from the trade would for children in the merchant families be a matter of course from an early age. The house, which the family lived in, was at the same time business premises with office, shop and warehouses connected to it. Working people transporting goods and materials, loading and unloading ships at the wharf were part of the close surroundings. All family members knew and had a close relationship to the ongoing business. Even children were early a part of the activity, and children in merchant families would have to achieve close knowledge of the trade from an early age. This background was an important condition for the activity they should engage in as adults.

For girls the experience from home was the most important condition for their later activity. For boys experience from home was seldom enough. More organised education had to be added. How much importance was attached to formalised education in schools as compared to practical training and experience could vary, and formal schooling became more important during the 18th century and into the 19th. For the early generations in the 17th century, apprenticeship with a merchant was the road to later

¹¹ Chr. 5th's law 1687, 5-4-5, 5-4-15.

¹² On merchants' network: Bull 2002.

¹³ Hall 1992, p. 98.

¹⁴ Pinchbeck 1977, p. 304. Bull 1998, p.154f.

independent trade, and even in the 18th century this was the most important road. But as early as 1686 there was in Trondheim a Dutch teacher, employed by the city to teach navigation, Italian bookkeeping, ship bookkeeping, and German and Dutch language – all of this useful subjects for coming merchants and ship captains.¹⁵

For the two sons of the merchant and civil servant Albert Angell, such schooling was supplemented by university studies in Copenhagen and other European cities, as well as a “Grand tour” of Europe, all of this in the years 1709-1719. The travels made it possible to study science and culture, but also to meet business contacts and friends of their parents in Amsterdam, Paris, Brussels, Hamburg and Hannover. Knowledge of foreign habits, ways of business and the acquaintance with a merchant network in the most important places made them better equipped to carry out their trade later on. When Albert Angell sent his sons to universities, this gave them a much broader education than what was really needed to pursue their business. The theoretical book learning was given priority for them, not the practical training. But the travels also gave them close knowledge of the commercial network they would be attached to later on. Amsterdam was the main connection for the copper trade, Hamburg was a financial capital, and their parents had close connections in both cities.

The son of one of the other great merchants in Trondheim at the time, Henrik Horneman’s son Hans, was given an education more typical of the business world. Hans, born in 1688, was first and foremost trained in his father’s merchant house. There he took part in the practical work from an early age. From the age of 17, he was given a yearly salary of 100 dollars. The father must then have judged him able to be of good use. Going abroad was nevertheless necessary. His older brother was established as a merchant in Amsterdam, having married a merchant’s daughter after his apprenticeship in the city. Hans was sent there, to go to school and to work in his brother’s business. He stayed in Amsterdam for four years, but his education was not finished before he too had had a “grand tour”. His journey went, not to universities, but to the most important commercial cities in Europe, and the aim was to establish relationship with his father’s business network. The travels were accomplished during the years 1714-15, when he was already 26 years old, and quite experienced from work in his father’s and brother’s house.¹⁶ Hans Horneman’s sons were in their turn given an education of the same kind.

¹⁵ Berg 1838-41, p. 73ff.

¹⁶ SAT, private archive 236 Horneman. Sprauten 1986. Berg 1838-41, p- 118.

Their school education was more comprehensive than their father's had been. They received tuition from a private teacher until the age of 18-19. The second oldest was the one destined for the business, and he was at the age of 18 sent to Amsterdam, to learn language, arithmetic and book-keeping. He was apprenticed with one of his father's commission agents in the city. The oldest son was meant to study at the university, aiming at a career as a civil servant. He did not manage very well with the studies, though, and was sent to Amsterdam as well as to Paris to learn bookkeeping and French. Together the brothers then went to England and Ireland to establish useful contacts. This was at a time when their father was eager strengthening his timber export. The main export market for the Trondheim timber was Ireland, with London as the big financial centre.

Boys had several possibilities for education after their initial school education. They could go to the Latin school and continue to the university. This was chosen by several boys in the Angell family, and gave them the opportunity of choosing between a professional or state service career and a merchant career. But not only the formal education received at universities made the boys travel. It was also possible to have other kinds of school education abroad, and we know that some boys from Trondheim took this opportunity. In Flensburg there was towards the end of the 18th century a schoolteacher who received students from other places, especially from Norway, and we know that at least two brothers from the Lysholm family in Trondheim went to school in Flensburg before entering their parent's business at home.¹⁷ Early in the 19th century several boys from Trondheim travelled to Britain to go to school, especially Green Row Academy was sought by many sons from the largest merchant houses.¹⁸ For those destined to go into trade, the most attractive choice was to go into apprenticeship in a merchant house – at home or preferably abroad. Heirs to a family business were favoured by the opportunity to have the basic training at home, before being sent abroad for further education. A combination of several ways of training was considered best: practical training and initial schooling at home, apprenticeship abroad, possibly formal school education abroad, and preferably several stays in different commercial cities to get acquainted with the habits of the trade and build up a business network. Formal

¹⁷ Sogner 1962, p. 491. Landesarchiv Schleswig, Abtlg. 18, nr. 45b, Visitationsbericht 1797. Dr. Schütt's notes, Stadtarchiv Flensburg.

¹⁸ Schmidt 1947, p. 87.

schooling was more important towards the end of the 18th century and beginning of the 19th, while apprenticeship was losing its dominant position.

The merchant Herman Hoë, who had started his career as independent merchant in Trondheim in 1773, was in his old age very definite in his opinion that training in an organised apprenticeship was necessary to become a “real” merchant. He commented on the liberal conditions for the servants in his successor’s house, and claimed that the reason for the strong position of many of the best merchants in town was that they had been in service. His opinion was that some of the heirs had had a too easy access to position, and had not obtained sufficient knowledge and the right attitudes. He thought that his own son had benefited greatly from his service in Lübeck.¹⁹ Lorck, of about the same age as Hoë, had himself served his apprenticeship. He sent his oldest son, Lorentz, for apprenticeship in Altona, where he stayed some years before visiting several other places in Europe. Hoë was of the opinion that the fact that Lorentz had been in service could explain the great difference as a merchant between him and his younger brothers. He saw also a large difference between the old Helmer Meincke, who had served his apprenticeship in Amsterdam in spite of his father being so rich, and by that had become a “real” merchant, and his sons, who never were in service. Hoë’s complaints against the younger generation should not be taken too seriously. These younger merchants were in their turn considered successful merchants and respectable members of society. But the ways of education changed. The younger Lorck brothers received an excellent education at the Green Row Academy – one of them was considered the best student at the school in his time. In addition, all the brothers had their learning period in their father’s house.²⁰

Great care was taken in these families to give the following generation a proper education. Mostly education was clearly designed to match a future in the kind of business the family was engaged in, but sometimes, and especially in the Angell family, education exceeded this and could lead in other directions as well, into the civil service. The alternatives used were apprenticeship in a merchant house, shorter stays in a foreign merchant house, and different kinds of school education, or a combination. The development went from emphasising apprenticeship as the most important way of education, towards more stress being put on schools. And as compared to the old latin

¹⁹ SAT, pa 280 Hoë & co., 42.2.

²⁰ SAT, pa Lorck. Schmidt 1947, p. 87, 91. Schierning 1949, p. 107.

school and universities, the schools chosen were being more directly designed to serve business activity, with new schools or institutes taking up subjects of special relevance for these students.

The network

Experience from foreign countries was important for merchants in long distance trade. Schools like Green Row Academy could be useful, and were used by Trondheim's merchant's sons in the early 19th century. But during the whole period from mid-17th century to mid-19th century the most important link to foreign experience was personal contacts. Family, friends and neighbours were utilised when young boys were sent abroad for apprenticeship or on a contact-making tour. The reason why so many of the Trondheim merchants came from the same region, was the personal network, which was established. Young boys were sent as apprentices to older merchants – relatives or friends – originating in the same region. The same thing applies when young sons from Trondheim were sent out to learn. When Thomas Hammond died in Trondheim in 1681, his oldest son was called home from London where he stayed with his uncle to learn the trade.²¹ When Hans Horneman in the early 18th century was sent to Europe to learn international trade, his longest stay was in Amsterdam, in his brother's merchant house. Even after the brother died, his widow, who continued the trade, was a contact into the Amsterdam business world for boys from Trondheim, like the Angell sons Thomas and Lorentz, who stayed in madame Horneman's house in Amsterdam in 1718. She was also their parents' commission agent in Amsterdam.²² The contacts in Flensburg, from where so many of the Trondheim merchants originated, were also employed when sons should have their education. The complete network of family, friends and commission agents were utilised when the young recruits should be introduced into the world of business. Regardless whether the stays abroad consisted of an apprenticeship of several years or a shorter tour to the most important places, they made out a system, mobilising a large network of business connections. It was considered a matter of course that young people with a letter of recommendation from parents or employer, whom one knew, should be well received and introduced into the business circle at the place.

²¹ SAT, Trh. skifteprot. 1(1678-86), p. 276b-316b, the estate of Thomas Hammond and wife Elisabeth Sommerskiell.

²² Bull 1992, p. 90.

The upbringing in a respected merchant family, the training in their own family and in other merchant houses, the education they received through teachers and schools, and the personal knowledge they acquired through their travels gave these boys a social and cultural capital, which was crucial in enabling them to make their way in the business world. One function of the merchant network was to create and maintain the culture of this special class, and thereby ensure a direct communication between the members of the network. The merchant culture, which this special combination of economic, cultural and social capital constructed, not only ensured the consolidation of the class, but was also a means to distinguish it from other social classes.²³ The education and the use of network for this aim made it possible to decide who belonged and who did not belong to that kind of people who should be allowed to enter the class where it was possible to combine this special social and cultural capital with economic capital.

The oldest son's priority?

The inheritance regulations concerning farmland stated the oldest son's right to keep the family farm undivided. Did something of the same kind apply to inheritance in the business world?

It is clear that the order in the row of siblings could matter. However, it was not sure that the oldest son was always the successor. Other aspects than inheritance rules were obviously in activity as well. Lorentz Angell, who came to Trondheim about 1650, had several sons. The oldest was definitely destined to be a merchant. Early on he traded together with his father as well as on his own. The younger sons were on the other hand sent to the university in Copenhagen to make a future in the clergy or as a civil servant. The second oldest son became a pastor. The third son, however, Albert Angell, was in the end the one who continued his father's business and continued the family's main business activities in the Trondheim area, even if he had studied at the university. It was said about him that he had left the book, to make a rich marriage. In his first years of business the continuity with the former generations is more prominent with his wife's parents than with his own. Only later, when the father died, Albert Angell stood out as a successor of his father's business as well. But by that time, his

²³ The works of Pierre Bourdieu analyse and use the concepts of economic, social and cultural capital, and how they work together in the social landscape. Bourdieu 1977, 1979.

oldest brother was dead too, leaving Albert as the oldest son available for trade, considering that the second son was already established in the clergy. In the next generation, there were two sons. Both of them were educated together, went into business together, and continued in partnership the main part of their parents' business.

Henrik Horneman, who came to Trondheim at about the same time as Lorentz Angell, sent his oldest son to Amsterdam for training, probably intending him to come back and go into trade at home. But instead he married a merchant's daughter in Amsterdam, and established himself as a merchant there. It was the youngest son – and the youngest child in a large flock of sisters – who took over the trade when the father died in 1716. In the next generation, the second son was considered more suitable to go into trade, while the oldest at first started a university education. Only later he joined his younger brother in the training for a merchant career.

In the Lorck family, where the first immigrant established himself in Trondheim in 1784, the succession went not to the oldest son alone, but to the two oldest at first, and later to all three sons, all of them having received education with this in mind.

In the Hoë family, there was only one son, and he was the youngest child, with four older sisters. The son was educated as a merchant, and was in his turn head of the merchant house. But by then, the husband of his oldest sister, a former employee in the house, had for several years been the father's partner in business.

The succession in these merchant houses was clearly not restricted to the oldest son. Care was taken to educate sons to take over the trade, but it was not necessarily the oldest, or only the oldest. Room could be made for more than one heir in the firm. Death could make plans change. Sons could be a scarcity and daughters and their husbands could be the ones to take over business. The succession seems to have been more flexible in these merchant houses than in the peasant community, where the oldest son's priority was more decisive, supported by the law. The succession in the family firm can be compared to the family farm in some ways. Children were brought up to follow their parents in the same kind of work. Sons were preferred as heirs of the firm/farm. If there were no sons, a daughter with her husband could inherit. But the parallel can not be drawn too far. In the peasant society the oldest son had the legal right to keep the family farm undivided. There were, however, many exceptions to the rule, and farms could be divided among two sons. But it was not usual for brothers to manage one farm together, as could be done in the family merchant house, where brothers (or brothers in law) were

partners in the same business and did not divide the firm among them. As in the peasant economy there were in the merchant society expectations as to the oldest son going into business. But it could more easily than among the peasants be arranged otherwise. In peasant society a younger son could also be the successor, but then the oldest had to recede from his rightful position. In merchant society the oldest son did not have this legal birthright, and more weight could be put on personal character, ability and on the parents' thoughts and wishes.

Continuity through daughters

If we follow the female succession, and not only the male, continuity can be traced in several additional cases. Broder Lysholm, and after his death his widow Catharina Meincke, run one of the largest merchant houses in Trondheim. They had no sons. But they had a daughter, and they had other relatives. Catharina Meincke made two men her partners: Johann Braack from Flensburg, the son of her husband's sister, and Hans Knudtzon, working in the house after having served his apprenticeship there. Johan Braack married in 1791 his cousin, the daughter of Broder Lysholm and Catharina Meincke. The same year Catharina Meincke resigned from the business. This was a quite natural succession in the lack of a son: a sister's son, married to a daughter. Things did not always go as planned, however. Johann Braack did not feel comfortable in Trondheim, and went back to Flensburg with his wife after few years. The successor in the firm ended up to be the employee, Hans Knudtzon, with no family relationship to the former owner.²⁴ When Knudtzon in his turn left control of the business, both sons and a son in law were made partners.

As mentioned above, Herman Hoë made his son in law, Herman Garmann, a partner in his business – not from lack of a son, but because the son was still too young when a successor was needed to join the business.²⁵

Sons in law could inherit a position in the merchant house, at least when there were no sons, or if he was a partner together with sons. Employees could also inherit the succession, as Knudtzon's and Garmann's cases prove. But Knudtzon's case seems quite special, and Garmann's position went through marriage. Other cases point to family members' priority over employees. Herman Hoë served his apprenticeship and

²⁴ SAT, Horneman's family registers. SAT, private archive Lorck, pk. 5, letter from C. Meincke Lysholm & co. Berg 1938-41, p. 191f. Johansen 1929, p. 189.

²⁵ SAT, private archive 280Hoë, 42.2.

several additional years as an employee in a house where there were neither sons nor daughters. But in the end a son of a brother was made heir in the business. Lorck on his side served in a house where the merchant had no sons. But the merchant's wife had two sons from a former marriage, and these sons made Lorck superfluous.

Marrying a merchant's daughter could be a road to success for a boy trained in business but without a family firm to inherit, in the same way as marrying a farmer's inheriting daughter could be a means for younger peasant boys to achieve the status of a farmer. For a merchant eager to secure his business for another generation a son in law could be the only solution. But it could also be a means to recruit a competent person into the leadership of the firm, and a means to secure a daughter a position as a merchant's wife.

Marriage strategy

If the splitting of property at death was a problem, it could be remedied by a wise marriage. As Catherine Hall has claimed, a wife could mean an informal partner in the firm, an extra pair of hands and extra knowledge, an extra set of family and friends, and not the least, an additional source for capital.²⁶ A man could by marriage receive resources if the wife brought dowry or had property of her own, and he could receive inheritance on her part. He would be related to a new family, which could imply useful business connections and a possibility for economic or other kinds of help in different situations. To marry away a daughter could imply some of the same gains, as well as a possible heir to the firm if needed.

For Albert Angell the marriage was obviously the most important step when establishing as a merchant. His wife brought quite a large fortune including large forests and sawmills in the district, which was the foundation of his trade until his part of the inheritance from his parents added to his estate. While some of his siblings went into the clergy or civil service (or for the girls' part were married to such men), two of his brothers became merchants, married to merchants' daughters, and two of his sisters became merchants' wives. In those cases, it was quite clear that the spouses could "join forces" – both economically and in practical work. In the case of Henrik Horneman's children, it was even more obvious that the coalition with a rich merchant's daughter could add quite substantially to a merchant's chances to succeed. Out of his eight

²⁶ Hall 1992, p. 180f.

daughters, seven were married to merchants in Trondheim, and the family circle was a dominant group in the economic and political world in the city.

Parents were aware of the need to marry their children away wisely. One aspect was the possibility to bring together property. When Herman Hoës oldest daughter fell in love with her cousin, the parents on both sides were very satisfied. That would make it possible to bring together a large estate, which had been split in earlier generations.²⁷ Only the cousin's death crushed this plan, and the girl was instead married to her father's partner, the former employee.

The problem of younger siblings

Siblings who did not run the business were also entitled to their share of the inheritance. Sisters could be attractive marriage partners for other merchants, and brought in such cases their resources to another merchant house. Sisters could be a problem for the family firm then, taking away resources from the control of the family head. Unmarried sisters' property on the other hand, was placed under a guardian, who usually was a male relative, preferably the oldest brother if the father was dead. The guardianship made it possible for the male guardian to utilise the capital for his own ends, as a long-term credit. Catherine Hall claims that the need to keep the capital in the family firm might cause that women were not allowed to marry, to avoid draining the firm.²⁸ The Norwegian law was aware of this possibility, and prohibited keeping a woman more than 18 years of age unmarried for the sole gain of the guardian.²⁹

In the building of the capital of the brothers Thomas and Lorentz Angell, sons of Albert Angell, the means of their sisters and minor half brother played a role. Their half sister Kathrine was only six years old when her mother died and eleven when her father died. Only 14 years old she was engaged and thereafter married. There was a bitter fight between Kathrine and her husband on one side, and her relatives, represented by the brothers on the other. Part of the fight was Kathrine's and her husband's accusation that the brothers unjustly had controlled the inheritance from her father, their stepfather. Their suspicion was that the brothers had used her capital for their own gain, and that they had tried to make the process of closing her father's estate drag out, to be able to control the estate in the meantime. The complaints worked: the estate was closed shortly

²⁷ SAT, pa 280, Hoë 17.18.

²⁸ Hall 1992, p. 98, p. 177.

after, and Kathrine's portion went from her half brothers to her husband in 1725.³⁰ The estate was large enough to be worth fighting about. Kathrine's portion made her husband at once one of the richest men in the city.

The relationship between the Angell brothers and Kathrine's husband sheds light on two circumstances. On the one hand the fight over Kathrine's estate. On the other hand it shows how female relatives could bring into the family new connections, which could be utilised for the gain of the family estate. The connection between the Angell brothers and their brother in law had a bad start, and the first years they were hardly on speaking terms. But later on they co-operated narrowly in managing the estate, especially the copper works at Røros, where Thomas Angell ran the business from his office in Trondheim, while his brother in law repeatedly went to Røros to supervise the management there.³¹

The sister Elisabeth Angell remained unmarried for many years. She was 19 years old when her stepfather died, and was married in 1731, 29 years old. In the intervening years she managed the household together with her brothers, and they managed her estate as her guardians. The estate was substantial. Some of it was paid to her in the course of time, but most of it remained in the brothers' custody until she married and her husband received the right of disposition to her means. Through their sister's means Thomas and Lorentz Angell had access to a substantial long-term credit, which made them able to go more heavily into business than they could have done otherwise.

Andreas Holmsen comments in his book on a large sawmill owner in Oslo on his advantages from controlling the means of his younger siblings as a guardian. Catherine Hall is undoubtedly right when she claims that controlling unmarried sisters' means could give brothers an important source for capital. This gain could be had from controlling brothers' capital as well, as can be seen from the Angell brother's use of their minor half brother's means. But when it comes to brothers, the period of control is clearly limited to the period before they came of age, while the guardianship for sisters could stretch out in time, depending on when (or if) they married.

²⁹ The Norwegian law of King Christian 5th, 1687, 3-18-4.

³⁰ Bull 1992, p. 96f, 102ff.

³¹ Bull 1992, p. 103f.

The construction of the generation change

How were the generation changes carried out? How was the transition from father to son, or from merchant to heir organised? The changes could be organised in different ways.

In the period studied merchants could do their business in companionship – for one business enterprise or steady for a longer period. Companionship for one enterprise was a means to collect investment from several persons, and to spread the risk. Such companionship could be entered into by relatives or by other persons. For a father wanting to introduce his son gradually into business it might be natural to engage him as a companion in some business enterprises, without necessarily making him full partner at once. Towards the end of the 17th century Morten Lorentzen Angell was a companion together with his father in some enterprises, which gave him the opportunity of profit and the risk of loss. At the same time he was his father's subordinate in the common household economy, and soon pursued his own business enterprises as well. Hans Horneman too, started his business while still a salaried employee in his father's house. Partly he had his own business enterprises, partly father and son had common enterprises. Enterprises of their own was something even employees could engage in when still in another merchant's service. This could be a gradual step towards establishment of their own, as it was for both Herman Hoë and Christian Lorck, or it could be a step on the road to taking over the business, as it was for Hans Horneman.

Hans Horneman's father died at about the same time as the son had accomplished his stay abroad and was ready to start his own business. That made it natural to take over the business. His alternatives would have been to stay in his father's household and business until the father died, or establish himself with his own business independent of his father. But taking over the business was not done without problems. The business was connected with a large network of contacts, which Hans could take over, and which he had attached himself to during his travels. But the estate, consisting of buildings and warehouses in the city, ships, interests in mines, land, forests, and sawmills, was the basis of the trade. In addition to Hans and his deceased brother in Amsterdam, there were eight sisters, seven of them married to active merchants and with their own need for capital. Keeping in mind that brothers inherited twice as much as girls, Hans' portion was a sixth of the estate, and he had accordingly to make do with much less resources than his father had had. The solution to the problem was prepared in advance. Before the father died he had made dispositions to facilitate the son's take

over. In due time before his death, the buildings and warehouses in the city were transferred to the son. Mining parts were transferred at a cheap price (the sisters claimed it had been for free). Salary, dowry and inheritance from his mother were entered in the books, implying that the son had substantial means standing in his father's business and with that a solid capital to start with.³²

Great care was taken in this case to try to get around the inheritance laws. The law did not take any notice of who was destined to take over the trade. All children should have their share. If one of the children had received substantial gifts in the parents' lifetime, the other children had the right to compensation out of the estate. There was no legal claim giving advantages to the heir of the business. But splitting out important parts of the business property could impair the running of the firm, and that was the background for trying to secure Hans Horneman vital property. But without legal claim to this, it could cause great contradictions in the family trying to give one of the heirs such advantages. In the Horneman family the result was a period of quarrelling over the inheritance among the siblings.

In the Angell family the succession did not go as straight from father to son. Albert Angell was the one most directly continuing his father's business, but long time before the father died, Albert Angell was established as a merchant on his own. Starting out, he surely took advantage of his father's connections and his recommendations, but it seemed possible to go into business without going into partnership with him or having inheritance from him. But Albert Angell was not without initial capital. In his own time, his marriage with Sara Hammond was supposed to be the source of his riches, and his wife's inheritance was available at the time they got married. Could we then consider Albert Angell and his wife as successors of her parents? Only to a certain degree. Sara's parents' estate was of course split between the heirs. When the parents died and the estate was about to be settled the husband of Sara's oldest sister was in the first place the one to appear as the family's representative. But that lasted only until the oldest son came home from abroad. He wanted to take what he considered his rightful position as oldest male heir, and to push his brother in law aside. The oldest son was the one took over the parent's buildings in the city, the very site of the parents' business activity. And he most likely took over the parent's international network – to the uncle in

³² Sprauten 1986.

London and other places, which he probably had visited when he was abroad.³³ But the capital was large enough for several persons to make their start from it.

As the oldest remaining son at the spot Albert Angell was more obviously the successor when his own father died. That implied that he acted on behalf of the heirs in causes of common interest, at the same time as his inherited mining shares and land could develop his mining interests and sawmills. Albert Angell can be considered his father's successor in the way that he inherited vital parts of the father's estate and had the ability to utilise the inheritance. He was not a successor in such a way that an existing firm was formally transferred to him.

His sons, Lorentz and Thomas Angell, on the other hand more directly stepped in as heirs and successors in an existing business activity. Coming home from their "grand tour", they started to take part in their stepfather's administration of the family's common property, which consisted of their own and their siblings inheritance from the parents, as well as their stepfather's means. When he shortly afterwards died, they took over the administration of the whole business, in the period before the estate was settled. As in the Horneman family, we can even here see some kind of preparation and adjustment prior to the predecessor's death, to make the transfer run more smoothly. As Hans Horneman in 1716, the Angell brothers in 1721 took over their parents' business activity following a death. In both cases there arose conflicts with the joint heirs, who claimed that the main heirs took advantage of the situation. The transition between generations still took form of inheritance of property and taking over a contact network, not a regulated transfer from one leader of a firm to another.

When Hoë's son in law and son, and Lorck's sons entered their fathers' business and after some time took over, the transition was performed in a more formalised way. When Hoë took his son in law, Garmann, as a partner in 1811, he wrote down the terms in a contract. The partnership implied a change of name: while the business formerly had been Herman Hoës personal business, it was now made a formal firm under the name H. Hoë & co. The partnership was made binding, in the way that none of them could pursue business privately or together with someone else. The contract is preserved only as Hoë's draft, and it might not have been made legally binding. But according to Hoë's later comments he undoubtedly regarded it as binding.³⁴ The contract was entered into for a period of ten years. After these years a new contract was agreed on. Hoë then

³³ Bull 1992.

³⁴ SAT, pa280 Hoë, 42.2.

withdrew from the firm, while Garmann continued in partnership with Hoë's son. With Garmann quite detailed contracts were made on these occasions, while no contract is preserved with the son, only Hoës comments on what kind of contract he considered reasonable between Garmann and his own son. Whether the contract was made legally binding or not, the transition was formalised in other ways. Letters were sent to all business contacts to announce the change, both when Garmann was taken as partner and when Hoë withdrew and his son entered the firm. In the same way Lorck sent out announcements to his contacts when his sons were taken as partners in 1812.³⁵ A contract between Lorck and his sons is referred to some years later, but the contract itself is not preserved.³⁶

Should we draw conclusions as to generation changes from these families it seems there was a development over time. In the end of the 17th century we see sons establishing themselves alongside their fathers or remaining in the father's household as a participant in the family economy until his death. The succession was then based on inheritance. In the beginning of the 18th century, when Hans Horneman and Thomas Angell entered business, the principles were the same. But in these cases the predecessors died at the time the successors were ready to take over, leaving practically no period of transition. In the beginning of the 19th century we see more formalised, contract bound transitions. The development did probably not go through clearly distinguishable stages, but was more of a long drawn process towards more formalised ways of business.

Problems could of course arise in connection with such changes. Both in the Horneman family and the Angell family there were quarrels among the heirs. But in these cases the successors took over only when the predecessor had died. Generation contradictions where then not the problem. In the more controlled transitions in the Hoë and Lorck families the old and the young generations lived side by side in the business. In both cases the fathers doubted if the sons were able to run the business properly – in spite of their thorough education. In their time these successors became very respected men, belonging to the leading men in the city. But in the fathers' letters the critique was explicit, and somewhat bitter. They wanted to make sure that the business was pursued

³⁵ SAT, Lorck, papers 1790-1825.

³⁶ SAT, Lorck, box "Privatbrev". Letter from Chr. A. Lorck (father) to Lorck & sønner (the sons) Des. 30. 1824.

in the same manner as in their time, and were critical to the sons more liberal and lenient ways.

That kind of succession, which was the result of death and settling the estate, and that kind, which was the result of transitional periods combined with contractual partnership resulted in different kinds of conflicts. In the first case it was the inheritors who entered into quarrel. Disagreement could arise on how the inheritance should be divided, and how earlier gifts, dowries, or paid education should be evaluated. In the latter case conflicts arose between generations, as disagreement between fathers and sons as to how business should be run, what kind of business to pursue, how employees should be handled, and how to maintain the business network.

Conclusion

Regeneration of the merchant business was certainly a problem when generations changed and property was split between several heirs. There was not one single solution to the problem, but multiple measures, which merchants and heirs could take to make the problem less serious.

A wise marriage was one possibility. Losing property to siblings taking their portions out of the common basis for the business could be compensated with the property of a wife. Bearing in mind that girls inherited only half of what boys did, a very rich heiress would be needed to compensate for the means going to several siblings. Anyhow, this was an important possibility, which was highly wanted, not only for the economic means it could bring, but also for the connections to a new family and the possibilities this could imply.

Siblings not entering the business had the right to their share of the property. But they did not necessarily take out their portion, or at least not at once. Unmarried siblings, and especially sisters, could have their property placed under the guardianship of the head of the family business, which would imply that their means could be used as a long term credit, and enable the business to be run on a larger scale than would otherwise have been the case.

The portions given to each of the inheriting siblings could be shaped so as to fit special purposes. If one of the siblings were to run the business, parts of the estate would be especially important to get hold of – like forests and sawmills for a merchant in timber trade, or mine shares for a merchant in copper trade. The premises the trade had as its centre, that is the city dwelling, outhouses and warehouses, would also belong

to the property most often inherited by the successor in business. This is a solution most equal to the birthright the firstborn son had to the undivided family farm in the peasant society. Measures could be taken on beforehand, to secure the successor the means to continue the business, or it could be arranged as a deal between the heirs. This was of course something, which could cause conflict between siblings. Loyalty to the family business was not a matter of course, as brothers going into some other trade or occupation, or sisters marrying out of the family business, would need their means for their own purposes. Leaving the most important property for the successor would mean that there would have to be other kinds of property for the joint heirs. Otherwise he would have to pay them out, at once or gradually. Another option, which was quite frequently chosen in these families, was to pool resources together, in such a way that not *one* of the children was the successor, but that several brothers, and/or sisters with their husbands went into business together, leaving more of the basic resources for the common use of the firm. The more formalised generation changes late in the period was better equipped to protect the business activity against the problem splitting up inheritance implied. When the economy of the firm was formally distinguished from the private economy, the firm could more easily be run through the period of transition, even if heirs still had to be paid their share.

An important result from studying the merchant families in Trondheim is the fact that fixed capital and money capital is only *part of* the resources needed to enter a trade and to keep it going. These families were well aware of this, and put great efforts into securing their children an education, which prepared them for the life, they were going to lead when they as adults went into business. Part of the education, and an important preparation for establishment as a merchant, was building a network of business contacts and commission agents at places of interest for their kind of business. Recommendations from fathers or employers when going into business were vital in securing this kind of network. The most crucial advantage successors to an already existing business had, was the take-over of the predecessor's network. The social and cultural capital built through an upbringing in a merchant house and an education specially shaped for the life as a merchant was their most important inheritance. This was something, which was not portioned out between the heirs.

Many mechanisms were in function when a merchant house succeeded in living through more than one generation. But the most crucial element was perhaps the personal abilities of the individual merchant. Children's abilities and wishes could be

taken into account when parents planned their education and the succession of the trade. But everyone did of course not succeed to the same degree. My research has focused on those merchant houses surviving for more than one generation. Many merchant houses did, however, not last more than for one lifetime. Problems of regeneration and the splitting of resources in too many portions could be part of the explanation. Individual abilities could be another. Part of the picture could also be what has sometimes been called the problem of the third generation. There was a tendency for inheritors of substantial means to draw out of trade and invest their means in more passive ways. Country life was one option, going into the Civil Service was another.³⁷

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³⁷ Manfred Neumann has discussed this as the "Buddenbrook-Syndrom", the problem of the third generation. Neumann 1991. Maxine Berg has discussed the withdrawal from business as an individual life syclus, Berg 1991, p. 194f. Peter Burke poses the question, if what happens is a development in individual families or whole groups, as in the elite of Venice in the early 17th century and the Dutch elite late in the same century. Burke 1994, p. 128ff.

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