

**THE BANKRUPTCY OF THE VILNIUS JEWISH COMMUNITY  
IN THE SECOND HALF OF THE 18TH CENTURY.  
THE STRUCTURE OF THE DEBTS AND  
THE PROCESS OF THEIR REPAYMENT<sup>1</sup>**

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*ABSTRACT* In the second half of the 18th century, the problem of the indebtedness of the Jewish communities of the Polish-Lithuanian Commonwealth was identified as one that could not be solved without the intervention of the state, and the resolution of this issue involved accounting the debts incurred by Jewish communities and planning their repayment. The present research is based on primary sources: handwritten accounting documents of Jewish debts in the Treasury Commission of the Grand Duchy of Lithuania. The focus of the paper is on issues which, although identified in historiography, have not yet been analysed: the structure of the indebtedness of Jewish communities, a social portrait of their lenders, trends in the accounting and administration of the debts, and decisions regarding their speedier repayment. The case of the indebtedness of Vilnius' Jewish community as an institution is analysed, and shows the extremely complicated situation of the chief-communities of the Lithuanian Vaad (in Hebrew Vaad medinat Lita). The biggest challenge in the research is difficulties separating debts incurred for the needs of the community and debts connected with the chief-community's position in the Lithuanian Vaad, the main and supreme institution of Jewish self-government in the Grand Duchy of Lithuania.

*KEYWORDS:* Vilnius Jewish community, Vilnius kahal, debts of Jewish communities, regulation of indebtedness, creditors, Treasury Commission of the Grand Duchy of Lithuania, Lithuanian Vaad.

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## Introduction: research approaches and the historical situation

The period after 1764 was very special in the life of the Jews of the Polish-Lithuanian Commonwealth, not only because of complicated political situation within the state and broad-scale reforms to be launched, but primarily because of fundamental state-initiated changes in the administration of the Jewish community and a shift in the relationship with the structures of the community's self-government. A number of fundamental transformations, which concerned the whole Jewish community of the Polish-Lithuanian Commonwealth, were initiated and realised simultaneously: the state's approach to the supreme Jewish institutions of self-government changed, the first general census of Jews (1765) was carried out during the reorganisation of the state's Jewish taxation system, and the nobility of baptised Jews in Lithuania was soon abolished in the Polish-Lithuanian Sejm. In this context, the rooted problem of the indebtedness of Jewish communities was identified as one that could not be solved without the intervention of the state, and the resolution of this issue involved accounting the debts incurred by Jewish communities and planning their repayment.

In historiography, the beginning of the indebtedness of the Jews in the Polish-Lithuanian Commonwealth is associated with the turn of the 17th<sup>2</sup> or the early 17th century.<sup>3</sup> These were processes which should be explained by social, economic and political reasons. Sources are insufficient for the accurate dating of the turning point in the Grand Duchy of Lithuania that brought Jewish communities to bankruptcy and rendered them insolvent (here and below in the article, the indebtedness of communities as institutions, and not personal debts, are analysed). Presumably, from a chronological point of view, these processes coincided in the Kingdom of Poland and the GDL to a greater or lesser

<sup>2</sup> A. Leszczyński, *Sejm Żydów Korony 1623–1764* (Warszawa, 1994), p. 143.

<sup>3</sup> J. Kalik, 'Patterns of Contacts between the Catholic Church and the Jews in the Polish-Lithuanian Commonwealth: The Jewish Debts', in *Studies in the History of the Jews in Old Poland in Honor of Jacob Goldberg*, ed. A. Teller (Jerusalem, 1998), p. 103.

extent.<sup>4</sup> According to Mordechai Nadav, the financial situation of the Lithuanian Jewish community deteriorated markedly around 1700, when it ran short of funds for debt repayment and taxes. In 1700, the Vilnius community, along with other chief communities, was a defendant in a number of cases concerning overdue debts heard at the Tribunal.<sup>5</sup> The situation was aggravated not only by the Northern War (1700–1721);<sup>6</sup> for at least a dozen years in the 18th century communication between communities was disrupted, and a connection between the chief communities and smaller ones coordinated by them did not exist.<sup>7</sup>

Sources from the Grand Duchy of Lithuania show that both the community of Vilnius and the Lithuanian Vaad found themselves in a rather complicated financial situation by the middle of the 17th century. Considerable amounts of money borrowed more than 100 years ago from Woiciech Cieciszewski (the rector of the Jesuit Vilnius Academy from 1646 to 1649) were recognised as overdue debts of the Vilnius Jews when their debts were calculated in the late 18th century.<sup>8</sup> The Lithuanian Vaad was incapable of collecting the ever-rising poll tax, and in 1655 in Selcy its representatives considered how to pay the increased poll tax, and complained that there was nobody to borrow money from, as they used to do earlier ('meanwhile [...] we have no-one to borrow from like in earlier years, everything has to be covered by collecting [money]

<sup>4</sup>J. Kalik has written an exhaustive paper on the process of Jewish indebtedness in Poland and Lithuania, in which she also reviews the historiography of the issue. For more, see: 'Patterns of Contacts between the Catholic Church and the Jews ...' p. 104, footnote 4.

<sup>5</sup>N. Mordechai, *The Jews of Pinsk, 1506 to 1880*, eds. M. Mirsky, M. Rosman (Stanford, 2008), p. 270.

<sup>6</sup>*Ibid.*, p. 271.

<sup>7</sup>The poll tax for Jews was a special state tax for non-Christians, of which at the time the implementation was connected with the number of Jews in the communities, and later transformed more into covering state needs, rather than being connected with the number of Jews in the Commonwealth. The principle of the poll tax was changed only after the 1764 'Jewish Poll Tax' (*pogłównie żydowskie*) constitution implemented the reform of taxation of the Jews reconnecting the number of community members with the poll tax per person, usually paid as a general tax of the community.

<sup>8</sup>Lietuvos valstybės istorijos archyvas (Lithuanian State Historical Archives – LVIA), col. 11, inv. 1, file 1040, p. 27.

from the population ...').<sup>9</sup> The monetary crisis of the seventeenth century and later, fuelled by inflation, had a big influence on this new situation of Jewish communities.

The Polish historian Roman Rybarski, who analysed the functioning of the Treasury of the Polish-Lithuanian Commonwealth in the 17th century, looked at the fact that in the second half of the century the Jews of the Grand Duchy of Lithuania used to delay paying the poll tax, or they paid it in instalments.<sup>10</sup> The examination of the indebtedness of the Lithuanian Vaad until 1764 carried out by Anna Michałowska-Mycielska suggests that its financial situation was rather difficult as early as the middle of the 17th century, and it was gradually getting worse. At that time, the lenders to the Lithuanian Vaad included individual Jewish communities, private individual Jews (from both the grand duchy and from Poland; a large number of lenders came from Lublin and its environs, which, according to the author, can be explained by loan contracts concluded at the time of the famous Lublin fairs), and nobles, religious orders and individual clergymen.<sup>11</sup>

For the current research, Judith Kalik's article on Jewish debts in the Polish-Lithuanian Commonwealth is very relevant. She draws attention to the phenomenon of Jewish debts to the Church, which was significant,<sup>12</sup> and asks provocative and crucial questions in the context of indebtedness: why did the Church lend money to the Jews and on such unfavourable terms to the creditor?<sup>13</sup> She indicates

<sup>9</sup> *Oblastnoy pinkos Vaada glavnykh evreiskikh obshchin Litvy* (Sankt-Peterburg, 1909), No. 504.

<sup>10</sup> Rybarski R., *Skarb i pieniądze za Jana Kazimierza, Michała Korybuta i Jana III* (Warszawa, 1939), pp. 232–233. The author gives an example that illustrates the payment of the poll tax in 1677: when the Lithuanian Vaad paid to the Treasury about 3,000 złoty of the 20,000 złoty payable, a transfer for part of the money, about 10,000 złoty, was submitted. It is not known whether or not it was paid, and how the remaining amount of that year's poll tax was paid.

<sup>11</sup> A. Michałowska-Mycielska, *Sejm Żydów Litewskisch (1623–1764)* (Warszawa, 2014), pp. 244–234.

<sup>12</sup> J. Kalik calculated that about 75% to 80% of the loans taken by Jewish communities and *vaads* were from the Church, and about 90% of the money actually borrowed came from the Church: J. Kalik, 'Patterns of Contacts between the Catholic Church and the Jews', p. 103.

<sup>13</sup> *Ibid.*, p. 111.

the unique nature of these relations, because of the contrast with Western Europe, where the monetary relationship between the Church and the Jews was reversed.<sup>14</sup> Kalik reconstructs the financial behaviour of Jewish communities that made their indebtedness so deep and complicated, and presents some conclusions about the Church's interest and forms of money lending. She argues that communities borrowed money not because of taxation, impoverishment or the descent into debt, but mostly for the needs of current expenditure. In the historical period under discussion, these loans were much more widely available and cheaper (high inflation covered the interest even in the short term) than internal Jewish taxation. Public loans from the community (in the case of Vilnius, discussed below as well) were invested primarily in current expenditure, and less in potentially profitable private enterprises. These decisions led to a greater risk of public rather than private bankruptcy.<sup>15</sup>

In this paper I would like to focus on issues which, although identified in historiography, have not been widely analysed: the structure of the indebtedness of Jewish communities, a social portrait of the lenders, the trends in the accounting and administration of the debts, decisions regarding their speedier repayment, and the activities of the *kahal* in the reorganisation of the credit portfolio and managing the process of the circulation of money for debt repayment, when institutional credit was relocated on local members of the Jewish community. The reconstruction of this process is the main task of the presented research.

Some of the problems mentioned were addressed by Israel Klauzner.<sup>16</sup> He identified the problem of the indebtedness of the Vilnius *kahal* and its scale. In the interwar period, Klauzner worked with some of the sources analysed in this article. He focuses on the balance of income and expenditure of the community, as well on exceptional cases of debt repayment to the most influential creditors, the Jesuit Order, and the family of the businessman

<sup>14</sup> Ibid., p. 102.

<sup>15</sup> Ibid., p. 109.

<sup>16</sup> See Chapter 15 'Khisul ha-khovot bishnat 1793' in Israel Kloizner, *Toldot Ha-Kehila. Ha-Ivrit Be-Vilna* (Vilna, 1935).

Friedlander, and the scandal around the Chief Rabbi of Vilnius Samuel ben Avigdor. In the case of the chief rabbi, the attempt to remove him from the position of rabbi also involved a demonstration of his power as one of the important general creditors. Asking similar questions, Mordechai Nadav<sup>17</sup> concentrated his research on the financial situation in the other chief-community of the Lithuanian Vaad, Pinsk.

The research presented is based on the case of the Jewish community of Vilnius, which is the best-documented and the most authoritative in the Grand Duchy of Lithuania in the second half of the 18th century. It is quite representative in disclosing the fundamental course of state policy in administering the debts of bankrupt communities and the decisions of the Jewish community when it found its financial situation was out of control. The actions of the numerous, influential and well-connected Vilnius community, and the central administration, show a broad range of actions and choices. In smaller, less important and less indebted communities, the situation might have been simpler and better controlled, although the process of debt repayment as such was not necessarily more rational or more rapid. In assessing the structure of the debts of Vilnius' Jewish community, there is no possibility of identifying which of the debts were incurred in satisfying the needs of the community and which were spent on the needs of the Vaad, that is, the Jewish self-government for the whole Grand Duchy of Lithuania. This aspect could be relevant in assessing the indebtedness and debt structure of other influential and large communities in Hrodna, Pinsk and Slutsk.<sup>18</sup> The data Nadav obtained from the analysis of the situation of the Pinsk community and cases of the indebtedness of the Jews heard by the

<sup>17</sup> M. Nadav, *The Jews of Pinsk*.

<sup>18</sup> When the issue of Jewish debt is discussed in historiography, mention is usually made of these four communities, and no comment is made as to why the fifth chief community, that of Slutsk, is not on the list. It appears that data on this community are lacking due to the fact that after the Second Partition (1793) of the Polish-Lithuanian Commonwealth, this community found itself in the Russian Empire, while the process of debt repayment is best reflected in sources compiled after the 1792 constitution of the Sejm, which foresaw new rules for the repayment of Jewish debt. We do not have any data on how the issue of the indebtedness of the Jews of Slutsk was solved after the partitions.

Tribunal of the grand duchy in the early 18th century (according to their decisions, community elders were threatened with capital punishment), where several chief Jewish communities (Vilnius, Pinsk, Hrodna and Brest) were defendants, suggest that the debt portfolio of these communities consisted of a large number of debts relating to the operation of Jewish self-government.<sup>19</sup> The situation was complicated even more by the fact that when the Vaads were liquidated, or their functions were limited, the tax burden fell on the shoulders of the *kahals*. However, in the absence of an obligation to pay taxes through the *kahal*-controlling chief-communities, the latter found themselves in a situation where they did not have either possibilities or ways to fulfil their obligations. Therefore, the problem consisted not only of financial complications, but also the crisis in Jewish autonomy.<sup>20</sup>

The data discussed shows that at the level of Jewish self-government and its most influential communities, the situation was rather complex in the second half of the 17th century, and borrowing in order to pay the taxes imposed by the state had developed into something of a habit. It has been calculated that the poll tax made up about half of all the expenditure of the Polish Vaad,<sup>21</sup> and it is very likely that a similar proportion might also have been the case in the grand duchy.<sup>22</sup> Before 1764, that is, before the launch of the process of the calculation and clearance of Jewish debts supervised by the Treasury Commission, the state did not take any interest in the revenue and expenditure of *kahals* or Vaads, and did not control it. The administration of state and community taxes was treated as a manifestation of the independence of Jewish self-government at both the local and the state level. To the state, fiscal relations with a centralised community must also have been more convenient. The state started to be more involved<sup>23</sup> and became proactive in

<sup>19</sup> M. Nadav, *The Jews of Pinsk*, pp. 270–271.

<sup>20</sup> *Ibid.*, p. 275.

<sup>21</sup> A. Leszczyński, *Sejm Żydów Korony*, p. 137.

<sup>22</sup> It should necessarily be borne in mind that in the context of communal revenue-expenditure, the poll tax was just one of the regular areas of expenditure, yet the money collected from various communal taxes was not sufficient to pay it.

<sup>23</sup> Until the mid-18th century, the indebtedness of the Jews was noted in the state, and the repayment of debts for specific communities was periodically postponed.

the control of the debts of the Jews only in the second half of the 18th century, when, according to the calculations of Ignacy Schiper, the debts of Polish and Lithuanian Vaads exceeded 2,450,000 złoty.<sup>24</sup> The overall indebtedness of the Jews of the Grand Duchy of Lithuania<sup>25</sup> could have reached about 1,000,000 złoty.<sup>26</sup>

In historiography, Jewish indebtedness is usually shown in a general way, that is, as that of the whole state or parts of the state, without regard to the situation, the legislative basis, and the procedure of debt repayment and decisions regulating the process within a specific (fixed) period. An analysis of the structure of the debts of Vilnius' Jewish community from 1764 to 1797 suggests that determining the actual size of the debt for the whole grand duchy (even if declared debts are taken into account) is complicated, due to the long period of their recovery, the state-regulated repayment, and fixed and changing interest rates. The available sources allow for the analysis of legally proven and state-recognised Jewish debts that were repaid at a state-fixed uniform interest rate disregarding the provisions of former lending agreements (the amount lent, the terms of the loan, its guarantors, and other confidential conditions).

<sup>24</sup> I. Schiper, 'Zniesienie autonomji centralnej i ziemskiej w 1764 r.', in: *Żydzi w Polsce odrodzonej* (Warszawa, 1923), p. 147.

<sup>25</sup> E. Anishchenko, *Cherta osedlosti* (Minsk, 1998), p. 19; I. Schiper, 'Zniesienie autonomji', p. 107.

<sup>26</sup> Based on other authors and the document *Uniwersał Komisji skarbowej* (1764) that he had seen himself, I. Schiper claims that the debts of the *kahals* of the GDL were as follows: Vilnius 722,800 złoty, Brest 222,720 złoty, Hrodna 386,571 złoty, Pinsk 309,140 złoty. Schiper does not provide any comment on whether the analysed document mentioned the debts of yet another influential community, that of Slutsk (see: I. Schiper, 'Podatnoye oblozhenie evreev', in: *Istoria evreiskogo naroda*, Vol. 11: *Istoria evreev v Rossii* [Moscow, 1914], p. 281). It should be noted that Schiper very likely referred to a document that indicated approximate debts, because, at least in the GDL, decisions regarding the size of identified debts were passed only in 1766. Mordechai Nadav mentions that a debt of the Pinsk community of the same amount was recorded in 1768 (M. Nadav, *The Jews of Pinsk*, p. 272). The latter date seems to be the most credible. I. Klausner also presents debts of chief-communities that sometimes differ from the numbers discussed above; but this author, for the understanding of the size of debts of each community, connects the size of the debts with the number of community members (the Grodno community, with 2,418 members, had a 448,500-złoty debt, the Pinsk community, with 1,277 members, 310,000 złoty, and the Brest community, with 3,175 Jews, was indebted to the tune of 119,700 złoty (see chapter 3 in: I. Klauzner, *Toldot ha-Kehila ha'ivrit b'Vilna*).

An important aggravating circumstance in the debt repayment process was the fact that after the completion of the Jewish census (1765) in the Polish-Lithuanian Commonwealth, and fixing the annual poll tax of two zloty, the expenditure of insolvent Jewish communities on the poll tax rose significantly: instead of the previous 60,000 zloty, they had to pay 314,000 zloty, that is, five times more. In the comparison of these sums, we have to pay attention as well to the demographic growth of Jewish communities and the high inflation at that time.<sup>27</sup> Thus, the repayment of debts was nevertheless complicated for Jewish communities, and took a long time under state control. Data on the administration of the indebtedness of Jewish communities across the Grand Duchy of Lithuania is not abundant. In the case of the Vilnius community, the sources available are also rather fragmentary, and chronologically do not cover the whole period of the debt repayment; however, they provide information on the situation recorded for the period determined, and on the actions of the *kahal* and community members: the declaration of the indebtedness of the Vilnius *kahal* in court *Dekret kahalu Wileńskiego przed Kredytorami* (Declaration of the Vilnius *kahal* to Creditors) dated 9 July 1766;<sup>28</sup> individual financial documents in the file of documents of the Vilnius *kahal* (covering the period from 1783 to 1787<sup>29</sup>), and the causes of the conflict<sup>30</sup> between the *kahal* and the Rabbi of Vilnius community

<sup>27</sup> I. Schiper draws attention to the marked rise in the poll tax after the Jewish census of 1764–1765 (I. Schiper, 'Podatnoye oblozhenie evreev', p. 316).

<sup>28</sup> *Dekret kahalu Wileńskiego przed Kredytorami*, LVIA, SA, file 3752, pp. 13–112.

<sup>29</sup> LVIA, col. 620, file. 50.

<sup>30</sup> The document *Status causae. Czyli objaśnienie Sprawy, z takiego źródła poczętek kłótny między Starszemi kahalnemi, a gminem y pospolstwem Żydow Wileńskich, wyniknął* [The Causes, or an Explanation of the Source of Disagreement between the Elders of the Vilnius Kahal and the Community Members] is kept in an archive file with the documents of the Vilnius *kahal* (1783–1787) (LVIA, col. 620, file. 50, pp. 31–32 v.). It is printed, anonymous, and bears no date; according to the events described, it might have been written in 1775, 1776, or later, when Ignacy Massalski, the Bishop of Vilnius and the chair of the Education Board, resigned from the latter position following accusations of malpractice in administering post-Jesuit property. The discontented members of Vilnius' Jewish community who tried to describe the situation knew some of the facts pertaining to these events. However, parallel sources show that documents also refer to the legal path in dismissing Avigdor, the Rabbi of Vilnius, who eventually resigned in around 1784. (The demands of Avigdor and the stages in

Samuel ben Avigdor (who was elected to the position at a young age in 1750) explained by the Vilnius *kahal* and the rabbi's version of the existing situation (which includes the case of the rabbi's loan to the *kahal*); documents on the accounting of the debts of the Vilnius community, interest payments (1796–1798),<sup>31</sup> and of the community's revenue from the *krobka* tax imposed by the Treasury Commission and the deliberations of the indebtedness of the Vilnius *kahal* at the Four-Year Sejm (1788–1792).<sup>32</sup> When analysing non-financial documents, attention should be paid to their specific nature and the circumstances of their origin: these are interpretations (arguments in a conflict) of a number of intertwining conflicts (the Vilnius *kahal* and lenders, the Vilnius *kahal* and the Treasury Commission, the Vilnius *kahal* and Rabbi Samuel ben Avigdor, the Vilnius *kahal* and community members, the Treasury Commission as incapable of controlling the process of debt repayment and lenders), identical phenomena and circumstances that do not coincide, or when conflicting parties choose different aspects of the same process as the most important. The activities of the Treasury Commission stand out in the context of these interlacing conflicts. This institution acted as a regulator of the situation resorting to a legal path, as maker of the key decisions, and as an administrator of the situation (the supervisor of the debt repayment process); therefore, it is not surprising that its decisions or actions did not satisfy all the interested parties.

the investigation of his dismissal are discussed in *Explicacja Samuel Widgierowicza Rabina Wileńskiego*, LVIA, col. 620, inv. 1, file 50, pp. 51–56.)

<sup>31</sup> One of the amounts given in historiography is 722,800 złoty (I. Schiper, 'Podatnoye oblozhenie evreev', p. 281).

<sup>32</sup> The appeals of the Jews and their moneylenders to the Sejm drafted at the Four-Year Sejm, and the decisions made, are published in: *Materiały do Dziejów Sejmu Czteroletniego*, Vol. VI, eds. A. Eisenbach, J. Michalski, E. Rostworowski, J. Woliński (Wrocław, 1969). The following sources are the most relevant: 'Usprawiedliwienie dekretu komisiyi skarbu W.Ks. Litewskiego', December–January, 1789 (13–27); (Prośba kahału Wileńskiego do króla i sejmu), November–December 1788 (9–13); 'Odpowiedź ze strony Żydów wileńskich', first months of 1789 (105–113); 'Prośba kahału i Pospolstwa' żydów wileńskich do króla i sejmu', c. 21 June 1790 (213–215).

### The legal regulation of debt repayment by Jewish communities

The legal acts that regulated the process of debt declaration and repayment can be divided into two groups: decisions directly related to the announcement of the public declaration of debts and the planning of the course of this process, and decisions of the Sejm that, although not directly related to the process of debt declaration, had a considerable influence on its course, the emergence of the Jews' existing and new debts, and their structure.

The constitution 'The Jewish Poll Tax' (in Polish *Pogłównie żydowskie*) announced by the 1764 Warsaw Convocation Sejm launched the state-wide process of the identification and accounting of Jewish debts. The law instructed that community representatives, their elders (in Polish *starszy*), had to appear in mandatory order before the session of the Treasury Commission in November 1765, and to submit documents confirming their indebtedness to the commission. It did not foresee any more details regarding the accounting of debts, or the punishment of those who chose to bypass this decision. Only the last paragraph of this voluminous law which declared the first general Jewish census, its course and the procedure for processing data, dealt with the accounting of debts. The *Pogłównie żydowskie* law foresaw that at the beginning of the debt accounting process, the initiative was placed in the hands of the Jews ('to reflect on the ways of repayment', according to sources).<sup>33</sup> It is hard to tell how effective this 'voluntary' debt declaration was; but in the later procedure of debt declaration (1792), the priority of the proof of debt was given to those who attempted to recover the debts, the creditors of Jewish *kahals*, who in Polish sources were called *actors*. In the face of the reforms, the priority at that time was given to the regulation of the collection of the poll tax payable to the treasury of the state; the debts of *kahals*, which were not a burden on the treasury, were seen as an existing but secondary problem. This assumption is suggested by the fact that, as the *kahals* were incapable of repaying their growing debts, a decision was passed by the Sejm in 1775 to increase

<sup>33</sup> *Volumina Legum*, Vol. VII (Peterburg, 1860), p. 29.

the annual poll tax from two to 2.5 zloty per person in the Grand Duchy of Lithuania, and to three zloty in Poland.<sup>34</sup>

Conducting the Jewish census and the accounting of the debts of Jewish communities at the same time was probably ineffective, due to the lack of properly trained officials and required skills. That the conduct of such broad-scale projects serving the interest of the state was still at the learning stage is shown by the format of the sources: lengthy documents, the preparation of which was time-consuming, which contained much repetition, and in which dates and numbers were spelled out in words, were gradually replaced by professionally prepared accounting tables, which systematised the data by several relevant criteria at once.<sup>35</sup> Communication issues were also obvious. Although the data is fragmentary, the very process of debt accounting dragged on, and probably began after the completion of the 1764–1765 Jewish census: the debts of the Vilnius *kahal* were recorded in 1766, and of the Navahrudak *kahal* early in 1768.<sup>36</sup> Nadav indicates that the debts of the Pinsk community were also recorded in 1768.<sup>37</sup> Meanwhile, as early as February 1767, the printed address of the Treasury Commission was sent away to the remotest *kahals* of the grand duchy: Mstsislaw, Vitebsk, Polotsk, Orsza and Mozyr. They were informed in writing about the launched declaration of the indebtedness of Jewish communities, and that the elders of sub-*kahals* were invited to Orsza with documents that proved their debts.<sup>38</sup>

The papal brief *Dominus ac Redemptor Noster* promulgated by Pope Clement XIV on 21 July 1773 served as a turning point in drawing the attention of the state to the scale of Jewish indebtedness, and a stimulus to treat the situation as a problem. By this brief, the Pope suppressed the Society of Jesus. Bearing in mind the fact that the papal brief reached Warsaw on 10 September, in

<sup>34</sup> *Volumina Legum*, Vol. VIII (Peterburg, 1860), p. 396.

<sup>35</sup> See the documents compiled by officials of the Treasury Commission: LVIA, SA, inv. 1, file 1040, 1051.

<sup>36</sup> LVIA, col. 11, inv. 1, file 1040.

<sup>37</sup> M. Nadav, *The Jews of Pinsk*, p. 272.

<sup>38</sup> LVIA, col. 11, inv. 1, file 990, p. 12.

the autumn of the same year (14 October) the National Education Commission<sup>39</sup> (in Polish *Komisja Edukacji Narodowej*)<sup>40</sup> was formed in the Polish-Lithuanian Commonwealth. Its main aim was the organisation, restructuring and supervision of the post-Jesuit system of education. It seems that the debts of the Jews became a matter of greater concern when it transpired that their insolvency and their huge debts to the Jesuits, either to the order as such or to the educational institutions under it, were complicating the maintenance of the education system and its reform. About 500,000 złoty of property of the suppressed Jesuits was actual debts of the *kahals* of the Grand Duchy of Lithuania, which 'might have damaged the funding of the country's education'.<sup>41</sup> Seeking a speedy way out of the situation, and hoping for the repayment of the debts to the Jesuits in a short time, in 1775 the Sejm issued a law intended exclusively for the Jews of the Grand Duchy of Lithuania: *Pozwolenie żydom litewskim zaciągania długów na zaspokojenie długu Komisji Edukacyjnej winnego* (Permission for the Jews of Lithuania to Borrow in Order to Repay the Debts to the Education Commission).<sup>42</sup> This law allowed all Jewish communities in Lithuania to take out an expedient loan of half a million złoty to cover their indebtedness to the Education Commission. The document pointed out that it was a one-off expedient decision, and was valid for one group of debts only, and that the earlier instruction of a ban on borrowing was valid in all other cases. The fact that the addressees of this law were the Jews of the grand duchy shows that either different ways for the solution to the analogous problem were found in Poland, or the debts of the Polish Jews to the secularised Jesuit Order were not as huge as those in

<sup>39</sup> The Education Commission served the whole Polish-Lithuanian Commonwealth, and scholars consider it to be the first joint institution of state executive power after the Union of Lublin (1569).

<sup>40</sup> R. Šmigelskytė-Stukienė, '1773 m. švietimo sistemos reforma. Edukacinė komisija', in R. Šmigelskytė-Stukienė, E. Brusokas, L. Glemža, R. Jurgaitis, V. Rakutis, *Moderniosios administracijos tapšmas Lietuvoje: valstybės institucijų raida 1764–1794 metais* (Vilnius, 2014), p. 158.

<sup>41</sup> 'moglybi przynosic szkodę funduszowi edukacyi kraiowej', *Volumina Legum*, Vol. VIII, p. 401.

<sup>42</sup> *Ibid.*, p. 405.

the grand duchy.<sup>43</sup> The permission for additional borrowing issued by the Sejm to the Grand Duchy of Lithuania regrouped the debts of the Vilnius *kahal* and changed their structure: the repayment of the debt to the Jesuits to the Education Commission reduced the share of debt falling to Church institutions and religious orders, and debts to private individuals prevailed.

In 1775, the Sejm adopted another important document<sup>44</sup> which regulated the whole loan-granting system in the state. The legislative act of the Sejm set the maximum possible interest rate: the annual interest rate on loans granted by the clergy could not exceed 6%, and on those granted by private individuals it could not go beyond 7%. This decision was motivated by the desire to harmonise and reduce the interest (in Polish sources '*względemniżenia procentow od summ kapitałnych duchownych y świeckich*'). In other words, the aim was to make the loans cheaper. It is hard to tell if this decision by the Sejm was influenced by the need of the Education Commission to recover the Jesuits' loans to the *kahals* as soon as possible, or whether it was an attempt to regulate the system of loans in the grand duchy in the absence of banking structures, and to stimulate the circulation of capital and economic growth in that way. In the context of this analysis, it is important that the debts of the Jewish community arising

<sup>43</sup> For comparison, it is possible to refer to a breakdown of the debts of the Cracow *kahal* recorded in 1773, when, after the First Partition of the Polish-Lithuanian Commonwealth, parts of the Cracow *województwo* with areas where Jews belonged to the Cracow *kahal* lived, found itself in Austria-Hungary. It was published by Maier Bałaban. Legally recognised debts of the Cracow *kahal* amounted close to half a million złoty (475,879 złoty, and, as we will see below, they were considerably smaller than the debts of the Vilnius community). As elsewhere, the structure of the Cracow debts was dominated by debts to Church institutions and religious orders, which made up 78% of all the money borrowed and not repaid by all the *kahals* of Cracow. However, although the Jesuits had granted almost two-thirds of the money lent by the clergy, and that debt amounted to 70% of all the debts of the Cracow *kahal*, this sum (195,252 złoty) was noticeably smaller than the debt owed to the Jesuits by the Vilnius *kahal*. M. Bałaban, *Historia Żydów w Krakowie i na Kazimierzu, 1304–1868*, Vol. II: 1656–1868 (Kraków, 1939; photographed edition published by Austeria: Kraków-Budapeszt, 2013), Appendix II, pp. 724–725.

<sup>44</sup> Parliamentary legislation *Ustawa procentów od summ kapitałnych, ręcznych, duchownych y świeckich w W.K.L. Volumina Legum*, Vol. VIII, p. 401.

after 1775 were supposed to have an interest rate ‘ceiling’ fixed and regulated by the state. We will see later that the bureaucrats of the Treasury Commission observed the interest rate norms set by the law when monitoring and accounting the repayment of the debts of the Jews.

The last relevant decision of the Sejm with regard to the repayment of Jewish debts was passed on 28 January 1792 at the Four-Year Sejm. It was the law *Zalecenie sądom ziemiańskim względem długów żydowskich* (Recommendation to Land Courts Regarding Jewish Debts). This law was printed on a separate sheet, and signed by King Stanisław Augustus. In order ‘to be communicated to foreign lenders, it must be published in official newspapers.’<sup>45</sup> Although the accounting of the debts of *kahals* started around 1766 (the law was passed in 1764), even during the first decade of the 18th century, the introduction of a new procedure of debt accounting was motivated by the same demand ‘to find out the size of debts incurred by Jewish *kahals*’.<sup>46</sup>

It has been mentioned that the 1764 constitution of the ‘Jewish poll tax’ did not set the actual procedure for the accounting of the debt. Sources suggest that the decision of 1792 was based on the existing practice and the desire to make it more effective. From 10 April 1792, courts were convened in each *voivodeship* and *powiat* for the accounting (in sources, liquidation, in Polish *zlikwidowanie*) of *kahal* debts. With documents proving the fact of lending, the moneylenders or their authorised representatives were to come to the court of the administrative unit in which the indebted *kahal* operated. As was mentioned above, the aim was to provide a debt declaration opportunity to the foreign creditors of the Jews. Land court judges (the constitution refers to them as *sędziowie likwidatorówowie*, i.e., liquidating judges, and the courts are called *sądy likwidacyjne długów kahalnych*, i.e., courts for the liquidation of *kahal* debts) had to work even after the expiry of the court term until all Jewish debts in a specific *powiat* or *voivodeship* could be accounted for. However, they had to finish the accounting by

<sup>45</sup> LVIA, col. 1135, inv. 23, file 58.

<sup>46</sup> *Volumina Legum*, Vol. IX, p. 402.

15 June of the same year. Cases when the debtor and the creditor did not agree on the amount of the loan or the interest were to be heard last, as priority was given to debts that could be identified as without complications. The constitution foresaw the order of succession of the accounting and repayment of debts depending on the age of the debt and its accounting during the previous stage of debt accounting. The first group would contain 'the old debts of *kahals*': they had to be accounted by earlier decisions and later 'included in a separate table'. Based on the available sources, it would be possible to claim that these were debts accounted for between 1766 and 1768, after the declaration of the 1764 constitution. In bureaucratic sources they are referred to as debts that had been incurred before *dekrety liquidationis*, in this way separating them from the 'new' debts that emerged after *dekrety liquidationis*; the debts in this group were to be repaid after the repayment of the old debts. The debts incurred after 1764 could be repaid only in observance of the fixed 'ceiling' of the interest rate; if the debt agreement was based on a higher interest rate, the lender lost the difference. The list of *kahal* lenders had to be entered in the books of a corresponding land court and sent to the Treasury Commission, with the *kahal* paying the postage fees. The second step committed the judges to accounting for the *kahal's* existing funds and revenue in order to direct them to the repayment of the existing debts in the most effective way. The ban on borrowing by the Jewish community established in the Sejm's earlier constitutions was made even stricter by introducing an additional precaution, that of the responsibility of all members of the public: under the ban on *kahal* borrowing, lenders would lose all the money they had granted. This constitution leads to the assumption that after the Sejm's 1775 permission to borrow in order to repay the debts to the Jesuits, the debts were attributed to a different debt group.

The available documents on the ineptness of the Vilnius community consist of the debt accounting tables of 1796–1795 in the documents of the Treasury Commission. They were compiled according to the requirements of the 1792 constitution, and single out not two, as one would expect from the text of the con-

stitution, but three classes (in Polish *klasa*) of creditors of the Vilnius *kahal*. Later, we will see that the list of creditors of the second class is the longest, and it was they who had to bear the largest share of the debts of all *kahals*. Although the data is not sufficient for a strong claim, it is quite possible that the second class included individuals who granted loans to the Jews after 1775, when the Jews of the Grand Duchy were permitted to borrow, in order to repay the debts to the Jesuits. The first class of lenders is dominated by Church institutions and several individuals that are often mentioned in the 1766 declaration of debts of the Jewish community. If the lenders to the Vilnius *kahal* from the first class can be attributed to the share of the so-called 'old' debts (before *dekrety liquidationis*), then, although it is not mentioned in the constitution, two groups of 'new' debts (after *dekrety liquidationis*) were singled out. If a causal relationship can be found that explains the distinction of the second class, information is lacking as to when loan transactions with the third class of creditors or individuals attributed to that group were made.

The Sejm and the court documents that regulated the repayment of the debts incurred by Jewish communities is a suitable reference point for distinguishing periods in the process of the repayment of *kahal* debts.

1) 1764–1775. From the *Pogłównie żydowskie* constitution to the 1775 permission of the Sejm that allowed the Jews of the Grand Duchy of Lithuania to take out target loans to cover Jewish debts to the secularised Jesuit Order that had been taken over by the Education Commission; and the law of the same year intended for the grand duchy, which established the limits of the interest rate.<sup>47</sup> Two landmark dates, which almost coincide, are important in this period: the end of the six-year term (1766–1772) for the repayment of debts planned by the Treasury Commission in 1772, and the suppression of the Jesuit Order in 1773. As will be seen below, the latter event caused qualitative changes in the repayment of the debts of the Vilnius *kahal*.

<sup>47</sup> *Ustawa procentów od summ kapitałnych, ręcznych, duchownych y świeckich w W.K.L., Volumina Legum*, Vol. VIII, p. 401.

2) 1776–1792. This was the period of the accounting and repayment of the debt to the Jesuits. However, a new problem arose during this period: the situation of the emergence of additional/new debts. Unfortunately, there is not enough data for an analysis of this period. It is quite possible that when the central problem was solved, that is, the budget of the Education Commission was replenished, vigilance in solving Jewish indebtedness abated for a while. There were no other sizeable debts as in the case of the Jesuit Order, and the repayment of these debts did not affect the implementation of the strategic objectives of the state. As can be seen from the case of the Vilnius community, a major change took place in the debt structure of this period: Church institutions, which previously dominated among the main lenders, were replaced by private individuals.

3) 1792–1795. During this period, officials of the Treasury Commission undertook full control of the repayment of the debts and their interest, as well as the revenue and expenditure of the Jewish community, with the aim of optimising the funds assigned for debt repayment. The process of the repayment of the debts of the Jewish community did not stop with the collapse of the Polish-Lithuanian Commonwealth in 1795. Twenty-eight years after the initiation of the process of the accounting and repayment of Jewish debts, the process was deemed unsuccessful, and was referred to as ‘the policy of new debts and additional borrowing’<sup>48</sup> by representatives in the Four-Year Sejm. It was the opposite of the original aim, that of debt repayment.

### **The structure of the debts of the Vilnius kahal and difficulties in their repayment (1766–1792)**

On 19 July 1766, one of the landmark documents in the case of the repayment of the debts of the Vilnius *kahal*, the ‘Declaration of the Vilnius *kahal* to the Creditors’, was completed.<sup>49</sup> It recorded all proven debts of the Vilnius *kahal* which were recognised in courts, and listed the lenders and the amounts they had lent.

<sup>48</sup> *Materiały do Dziejów Sejmu Czteroletniego*, Vol. VI, p. 16.

<sup>49</sup> ‘*Dekret kahalu Wileńskiego przed Kredytorami*’, LVIA, SA, file 3752, pp. 13–112.

The indebtedness of the Vilnius *kahal* established by the Commissioners' Court was impressive: 715,905 złoty, not including interest, which amounted to '[...] collection of three złoty for each hundred, or 30 for each thousand [...]'.<sup>50</sup> This amount is slightly lower than has been indicated in historiography<sup>51</sup> (although it coincides with the appeal of the creditors of the Vilnius *kahal* to the representatives of the Four-Year Sejm in 1789<sup>52</sup>), and is also given in the document accounting the community's revenue from the *krobka* tax.<sup>53</sup> The above indebtedness of the Vilnius *kahal* is recorded together with the community's revenue from the *krobka* tax, which amounted to 34,000 złoty annually. It is not difficult to calculate that if the *kahal* had not had any expenses and could not have found ways to increase its revenue, the repayment of the recorded debts would have taken about 21 years.

The list of claimants compiled at the Commissioners' Court in 1766 contains 127<sup>54</sup> records of debts. Four of them are attributed to the *kahal* of Sznipiszok (in Lithuanian Šnipiškės), a suburb of Vilnius, its elders Icka Abrahamowicz, Leyba Abrahamowicz and Izrael Natanowicz, and to the whole community of Sznipiszok. The Jews of Sznipiszok owed money to the private individuals Benedikt Sieklucki, Chorąży Petyhorski and Kazimierz Zaranka, the *podstoli* of Lida. As a defendant, the Sznipiszok *kahal* is indicated together with the Vilnius *kahal* as a debtor of the Dominican monks.

Although the number of claims and the chronology (debts from the second half of the 17th century were accounted) are impres-

<sup>50</sup> Ibid., col. 620, file 50, p. 65. Bearing in mind the prevailing tax payment procedure and the assignment of interest to the Jews in later periods, we can assume that it is the interest paid semi-annually; the annual interest would be 6%, and would be close to the interest applied to Jewish debts by the Treasury Commission.

<sup>51</sup> The amount of the debt of the Vilnius *kahal* given in historiography is 722 800 złoty, see: I. Shiper, 'Podatnoye oblozhenie evreev', p. 281; M. Nadav, *The Jews of Pinsk*, p. 272. I. Klausner gives a much larger amount than the state authorities' 823,000 złoty.

<sup>52</sup> 'Reprezentacyja od kreditorów na kahale wileńskim sumy swoje mających', *Materiały do Dziejów Sejmu Czteroletniego*, p. 16.

<sup>53</sup> LVIA, col. 620, inv. 1, file 50, p. 65.

<sup>54</sup> This number does not include two entries at the bottom of the list, which summarise plaintiffs as all those who submitted claims, and defendants as all individuals who were elders of the Vilnius *kahal* during the last hundred years.

sive, the number of individuals and/or institutions that lent to the Vilnius *kahal* was half that number, at 69. The principles for the compilation of ‘Dekret kahalū Wileńskiego przez Kredytorami’, which is almost 100 pages long, are not entirely clear, and hamper the analysis. In the records of the lenders to the *kahal*, most (58) are mentioned twice in the list, and 11 lenders<sup>55</sup> are mentioned once. Jerzy Abramowicz, an employee of the Starodub court (in Polish *sądowy*) appears in the list four times: twice as a representative of different Church institutions, and twice together with their representatives (the Bernardines from the convent in Vilnius, and the Order of Observants of the Immaculate Conception from the Bernardine Church in Vilnius). Today, this way of recording creditors’ claims raises more questions than it provides answers to. Two assumptions are possible in explaining the duplication of creditor entries: one is that a significant part of the lenders were inclined to lend to the Jews again, disregarding their poor credit history (and that was what brought about the majority of large debts<sup>56</sup>). The second assumption is that two separate claims were submitted for the amount of the debt: one for the amount lent (*capital* in sources), and one for the interest on the amount lent. The latter assumption is supported by the fact that the end of the claim lists the elders of the Vilnius *kahal* of several generations recorded as defendants twice and *in corpora* (the list ends with the name of Avigor, who was still the Rabbi of Vilnius at the

<sup>55</sup>There is one mention of Antoni Tadeusz Przezdziecki, a vice-chancellor of the GDL (Polish *podkanclerzy*, from 1772). Although 1772 is usually given as the date of his death (J. Dygdała, ‘Antoni Tadeusz Przezdziecki’, in *Polski Słownik Biograficzny*, Vol. XXIX (Wrocław-Warszawa-Kraków, 1986), pp. 51–54), in the 1776 list of Jewish debts, he is entered as a claimant submitting a claim together with Jankel, a Jew (very likely from Pinsk), as well as several noblewomen representing their underage wards, for example, the *podczasna* from Wiłkomierz (in Lithuanian Ukmergė) Anna from Markiewiczow Dziewiałtowska Gintowtowa. As for Church institutions, there is an entry for the Dominicans of Merez (in Lithuanian Merkinė), the Bridgettines of Hrodna (in 1797, the *kahal* owed them 10,000 złoty), and the almshouse of the Holy Spirit in Vilnius (‘Dekret kahalū Wileńskiego przed Kredytorami’, LVIA, SA, file 3752, pp. 13–112).

<sup>56</sup>As can be seen from the portfolio of loans granted by the Vilnius Academy to the Vilnius *kahal*, loans were given fairly frequently, with short intervals between the transactions, disregarding the fact that earlier debts had not been repaid.

time, and was dismissed in about 1784) as individuals who are charged with liabilities to the creditors listed above. The list of debts is dominated by institutions of the Catholic Church from across the whole Grand Duchy of Lithuania, with the exception of the Uniate Basilians of Polotsk. Out of 69 loans, 55 (80%) were made by different institutions of the Church. Unfortunately, it is not possible to determine from the sources available what part of the money lent by the Church may have been via the wills (mostly of nobles) of Jewish debts transferred to the Church.

**Table:** The structure of lenders to the Vilnius *kahal*, 1766.<sup>57</sup>

Number	Lenders	Number of loans granted
1.	Basilians	2
2.	Bernardines	4
3.	Bridgettines	1
4.	Dominicans	15
5.	Franciscans	8
6.	Jesuits	15
7.	Observant Franciscans	1
8.	Other Church institutions	9
TOTAL		55

The number of nobles and Jews among the lenders to the Vilnius *kahal* was similar: a few of each. At the Commissioners' Court, the interests of the Jewish lender Jankiel Arba(ha)mowicz<sup>58</sup> from Pinsk were represented by Antoni Tadeusz Przezdziecki,<sup>59</sup> the vice-chancellor (in Polish *podkanclerz*) of the grand duchy. Juzel Zeligwenowicz and Chaim Iridengland, described as 'Jewish merchants from Königsberg',<sup>60</sup> can be attributed to otherwise hardly present foreign lenders. Most of the creditors resided in the Grand Duchy of Lithuania, including the Jesuits of Mintawa (present-day

<sup>57</sup> The table is based on the debts of the Vilnius *kahal* established by the court, LVIA, SA, file 3752, pp. 13–112.

<sup>58</sup> 'ha' is inserted into the personal name when correcting its spelling.

<sup>59</sup> *Ibid.*, p. 23v.

<sup>60</sup> *Ibid.*, p. 24.

Jelgava, Latvia) and the Jesuit college of Dinaburg (present-day Daugavpils, Latvia) in Livonia. As for territories beyond the borders of the grand duchy, the Jews of Vilnius were indebted to the Jesuit colleges of Warsaw and Pułtusk. As can be seen from the 1766 list of lenders to the *kahal*, only very few loans were granted by Jewish creditors and private individuals. It is very likely that this situation reflects the reality of the financial situation of the grand duchy: Church institutions had a surplus of 'non-working' capital in times of inflation that they were inclined to lend out under favourable terms. Meanwhile, the Jews, who were financially more able, possibly invested in their businesses and commodities. Although we do not possess detailed information about the conditions of lending to the Vilnius *kahal*, it is obvious that the loans granted by the Church were the most attractive, and probably the most favourable (secondary sources tell us only about the terms of Jesuit loans: about 400,000 zloty were lent at a 3% interest rate for good, following the *widerkauf*,<sup>61</sup> or long-term loan, principle<sup>62</sup>). Apparently, representatives of other social groups did not have money they could lend, or they were not inclined to entrust their personal savings to others.

When the Treasury Commission established the fact of the indebtedness of the Vilnius *kahal*, the repayment process had to be launched. There is basically no data on how this process progressed before 1775, when the Jews of the Grand Duchy of Lithuania were permitted to borrow in order to repay to the Education Commission the money they owed to the Jesuits. The creditors' complaints to the Four-Year Sejm make it clear that in 1766 the debt repayment was planned for six years (until 1772). The deputy elder (*podstarosta*) of Vilnius was delegated the task of observation of the debt and the interest repayment process until 1772, and the

<sup>61</sup> *Wyderkaf* or *widerkauf* means that the credit had to be given with some real estate as security until repayment. The interest on *wyderkaf* was regarded not exactly as interest, but rather as income from secure property. The more popular form stipulated that the interest was perpetual, and there was an understanding that the capital was never to be repaid; J. Kalik 'Patterns of Contacts between the Catholic Church and the Jews ...', p. 114.

<sup>62</sup> *Status Causae* ..., LVIA, col. 620, inv. 1, file 50, p. 31.

paperwork was done at the Castle Court. The lenders' claims and the arguments of the Vilnius *kahal* regarding its decisions suggest that representatives of the Jewish community did not oppose or delay the legalisation of their debts. At an appointed time, in February 1765, they appeared with all the required documents of debt justification at the session of the Treasury Commission where the above-mentioned document, the act of the identification of the debt and the establishment of the interest rate *Dekret kahalu Wileńskiego przed Kredytorami* (1766), was prepared.

The course of the establishment of the interest rate in 1766 is highly important, because, disregarding all the previous agreements between the debtor and the lender, the Treasury Commission established the same semi-annual interest rate of 3% (or annually 6%, to use the more common expression). Lenders to the *kahal* viewed this act as the 'assignment of [interest] percentage to each creditor' and considered the established interest rate as a compromise ('only three per cent') accepted by all creditors at their free will for the sake of the stability of the Republic.<sup>63</sup> It would show that interest rates were higher when loan transactions were made. It was very likely the indebtedness and insolvency of the Vilnius *kahal* that paved the way for the decree on the regulation of the interest rate in the Sejm when, in the same year, 1775, it allowed all the Jews of the Grand Duchy of Lithuania to borrow in order to repay their post-Jesuit debts, and established the highest permissible interest rates for all residents. The interest rate on loans granted by laymen could not exceed 7% per year, or 6% on loans granted by the clergy. This was the interest rate that was established by joint agreement in 1766, when the process of the repayment of the debts of the Vilnius *kahal* supervised by the Treasury Commission was initiated.

It was probably just a coincidence that the suppression of the Jesuit Order (in 1773) chronologically coincided with the term of planned debt repayment (before 1772), but it cardinally changed the situation of Jewish indebtedness, by rendering debt repayments

<sup>63</sup> 'Usprawiedliwienie dekretu komisiyi skarbu W.Ks. Litewskiego', December-January 1789, in *Materiały do Dziejów Sejmu Czteroletniego*, Vol. VI, p. 18.

untenable. Judging by *Status causae*,<sup>64</sup> the explanation that the Vilnius *kahal* distributed publicly (or at least to a broader circle, as it was written in Polish and printed), in which it gave the reasons for the ongoing disagreement with the dismissed Rabbi of Vilnius Samuel Avigdor, the debts of the *kahal* to the Jesuits amounted to close to 40,000 złoty, which had been borrowed ‘with eternal percentage of three on each hundred’,<sup>65</sup> and the repayment of this part of the Jewish debt was not planned in the procedure foreseen by the court in 1766 (‘the debts of the *kahal* were calculated and the beginning of their repayment to the creditors was set, except for the sums [that belong] to the Jesuit monks’).<sup>66</sup> The Jesuits lent the money based on the so-called *widerkauf* principle, when the lender grants money for a term of no fixed duration for an agreed interest rate which is paid until the borrower decides to settle the account in full. Thus, if we add the amount borrowed from the Jesuits (which was not considered a problem debt at the beginning of the debt calculation) to the 715,905 złoty recorded in the decree of 1766, then the financial liabilities of the Vilnius *kahal* would exceed a million złoty, not counting the interest.

It seems that it was either the largest or one of the largest debts among the Jewish communities of the Polish-Lithuanian Commonwealth, when the share of the money owed to the Jesuits in the overall structure of debts was truly outstanding. The situation was complicated by the fact that neither the Vilnius *kahal* nor the Treasury Commission considered the Jesuit debt as repayable during the planned term of six years. The Education Commission needed to take over the post-Jesuit money without delay, and it became a serious challenge both to the Vilnius *kahal* and the Treasury Commission, as repayment was not planned during an earlier period. The parliamentary legislation discussed above, which allowed additional borrowing to cover the post-Jesuit debt, also points to the hopelessness of the situation. When considering this

<sup>64</sup> ‘*Status causae*. Czyli objaśnienie Sprawy, z iakiego źródła początek kłotny między Starszemi kahalnemi, a gminem y pospolstwem Żydow Wilenskich, wyniknął’, LVIA, col. 620, file 50, pp. 31–32 v.

<sup>65</sup> Ibid., p. 31v.

<sup>66</sup> Ibid.

situation, the lenders to the Vilnius *kahal* highlighted two problems. Firstly, the possibility of borrowing half a million zloty by way of exception provided by the law to all Jewish communities of the grand duchy was given not only to the Vilnius *kahal*, but to Jews in other locations, although it seems that it was the Vilnius *kahal* that used almost all the money. Secondly, in the course of the recovery of the post-Jesuit debt, the lenders emphasised the activities of Ignacy Massalski, the Bishop of Vilnius, which were unfavourable to them. On the realisation that the repayment of the post-Jesuit debts from the *krobka* tax and other revenue of the *kahal* would last over ten years, a law that legitimised additional borrowing was passed (1775).<sup>67</sup> The way the situation was interpreted in the Vilnius *kahal* provides additional details. Although data are lacking for an unequivocal claim, it is very possible that manipulations with the post-Jesuit debts that had fallen to the Education Commission cost the Bishop of Vilnius his position as chair of the board, and added to his loss of prestige in the eyes of the general public. It should be added that biographers of Massalski discern the bishop's all-consuming passion for money (and its rather negligent accounting), but his actions in the circumstances of the insolvency of the Vilnius *kahal* are not well known, although they were directly linked to the activities of the Education Commission he was heading at the time.<sup>68</sup> In *Status causae*, which was produced in the environment of the *kahal*, the bishop is blamed for aggravating the extraordinary situation of the *kahal*:

After the liquidation of the Jesuit Order, the Bishop of Vilnius took over the whole post-Jesuit debt of the *kahal*, with five per cent interest, and sought its repayment by the *kahal*. The *kahal* responded to the priest bishop that it could not repay this amount, because the decree of [debt] liquidation of the Treasury Commission left it [this amount] to the *kahal* with eternal percentage and forbade new borrowing. The law declared in 1775 allowed the Jews to borrow in order to repay the above-mentioned post-Jesuit debt [...] Then the *kahal* borrowed such an amount in accordance with the law and paid to the priest bishop after which all collections from the Jews were raised by the

<sup>67</sup> 'Reprezentacyja od kreditorów na kahale wileńskim sumy swoje mającyc', *Materiały do Dziejów Sejmu Czteroletniego*, vol. VI, p. 23.

<sup>68</sup> For more, see: E. Raila, *Ignotus Ignotas. Vilniaus vyskupas Ignotas Jokūbas Masalskis* (Vilnius, 2010), pp. 130–141.

rabbi and kahal elders to cover the interest [on the borrowed sum]; because at the beginning only three per cent on one hundred were paid for that loan, and later nobody among the local residents wanted to lend, so the collections from the Jews had to be raised ...<sup>69</sup>

Thus, while repaying the post-Jesuit debt taken over by the Education Commission to Massalski, the Bishop of Vilnius, which was not foreseen either by the Vilnius *kahal* or by the Treasury Commission, a new debt portfolio materialised, and this time the money was borrowed under less favourable terms than those foreseen in the agreement with the Jesuits. As we will see later, lenders who made up their minds to grant loans to the indebted Jews frequently violated the 'ceiling' of the officially established interest rate. The repayment of the post-Jesuit debt marked a turning point: the Vilnius *kahal*, which before that was capable not only of paying the interest but the debt, too, went bankrupt, while the officials appointed by the Treasury Commission spared no effort to ensure at least the repayment of the established fixed interest, and in this way to stabilise the rising indebtedness.

### The structure of loans and its dynamics during the whole period of debt repayment (1766–1798)

When the indebtedness of the Jews both to lenders and to members of the Vilnius community sparked an outcry in the Four-Year Sejm, the issue of the situation in the Vilnius community was raised, and new parliamentary legislation, which declared a repeat declaration of Jewish debts, was passed in 1792. Surviving tables of debt accounting and interest payments compiled by the Treasury Commission were used in the research. The lender's personal name, the amount lent and the semi-annual interest are indicated in these tables; some of them show whether the interest was paid or not. The tables were compiled according to the order established in the Commonwealth, and only after the Third Partition is the situation recorded following the periods of interest accrual and payment: 25 June 1797, 27 January 1797, and the table of 25 December 1797 to 25 June 1798 which actually reflects the situation at

<sup>69</sup>'*Status causae. Czyli objaśnienie Sprawy ...*', LVIA, col. 620, file 50, pp. 31v–32.

the beginning of 1798. Although the headings of the tables differ, they are compiled according to the same template. The template, just like the names of the lenders, is printed; the headings of the columns and the amounts of money are entered manually. One of the columns in these tables gives the amount of interest for two years, with an indication of the period of its accounting: January 1794 to January 1796. This would imply that the accounting of the indebtedness of the Vilnius *kahal* after the law of 1792 was based on the same model, and was very likely started in 1794, while the repeat process of debt declaration and recovery took about two years. It has already been mentioned that although the new loans for the repayment of the existing debts to the Jesuits were obtained with interest rates exceeding the standard 'ceiling', the examined tables of debt accounting and interest payments suggest that despite agreements between confidential lenders and the *kahal*, the same annual interest rate of 7%, which complied with the letter of the law and was the maximum laymen could expect, was paid on the basis of voluntary decisions. Although the interest rate was raised insignificantly (by 1%) compared with 1766, the situation signalled changes in the structure of lenders.

The examined tables of the *kahal's* indebtedness record the state of debts following parliamentary legislation in 1792; a comparison with the 1766 list of lenders conveys not only the actual situation of debt repayments, but also changes in the composition of lenders. These changes occurred after the Jews of the grand duchy were allowed to borrow in order to repay the Jesuit debts. A comparison of indebtedness in 1766 and 1797–1798, and an analysis of the structure of the lenders, give a picture of the debt repayment process, and make it possible to assess its efficacy. It has already been noted that in 1766 the debt of the *kahal* amounted to 715,905 zloty, and 32 years later it was 692,246 zloty. One would think that the positive shift is rather slight, just 23,659 zloty, so basically the debt portfolio of the Vilnius *kahal* did not change much. However, if we analyse the same situation by observing the changes in the list of lenders to the *kahal*, the changes are impressive. They were brought about by the strategy of debt repayment, when old debts were repaid by newly acquired loans. After 1775, the *kahal* repaid

its debt to the Jesuits in full (over 400,000 złoty) and covered all its debts to private individuals; of the debts to Church institutions, which dominated in 1766, only 12 unpaid debts to various religious orders out of the former 55 were accounted in 1797.

In monetary terms, around 200,000 złoty (198,930 złoty) of the former old debts from 1766 recurred on the list of lenders compiled after the law of 1792. The largest of them were to the Dominicans of the Church of the Holy Spirit in Vilnius (40,000 złoty), and to the Dominicans of Poporczi (in Lithuanian Paparčiai, 35,000 złoty). The old lenders, along with several others who were not included in the list of 1766 (Bishop Giedraitis of Samogitia,<sup>70</sup> with a loan of 1,000 złoty, Suffragant Profesor Szkol Postawskich with 1,200 złoty, the priest Dederko, with 1,000 złoty, the *starosta* Zyniew,<sup>71</sup> who granted one of the largest loans of 35,960 złoty to the *kahal*), fell into the first class of lenders, which consisted of 21 lenders, and the total amount of indebtedness to them came to 239,690 złoty.

The new lenders formed the second and third classes: with a few exceptions, they were all Jews recorded on the list by their name and patronymic. They were probably mostly from Vilnius, because in the case of a different place of residence, it was indicated, for example, as Meier Eliaszewicz z Połocka, or Jews from Żyzmory (in Lithuanian Žiezmariai). Interestingly, some women appeared on the list, with Iła Kleczkova having lent the largest amount of all the lenders (51,283 złoty). Three other women lent considerably less to the Vilnius *kahal*: Raschela Abramowicz granted a loan of 1,100, Dwora Leybova 702, and Hanna Gierszowna 4,100 złoty, although these were not the smallest amounts. In general, the structure of the loans was dominated by small loans that were more secure for the providers, although the range of loans granted

<sup>70</sup> This is most likely Steponas Jonas Giedraitis, who became Bishop of Samogitia in 1778, but bearing in mind the long period of 'trailing' debts of *kahals*, and the fact that there were several bishops of Samogitia with the same name of Giedraitis, it is hard to identify the actual individual from an entry in the lenders' case.

<sup>71</sup> It is not clear who is mentioned here. It might have been Mateusz Zyniew, who lived in the second half of the 18th century, and was the elder of Berżniki. The town of Berżniki was founded by Queen Bona Sforza, and belonged to the Hrodna *powiat* in the 18th century.

by lenders from the second and third classes was wide: from 201 złoty lent by Marek Benaminowicz, to the above-mentioned loan granted by Iła Kleczkowa. Loans of 2,000 złoty and less accounted for almost half of all loans. All possibilities to muster funds for the repayment of the so-called 'old' debts were important to the *kahal*, because it seems that even after 1792, when indebtedness to Church institutions was considerable, and with the ban on Jews borrowing in force, it was difficult to attract money from outside; the nobles did not lend money either. The Plater family, who granted a loan of over 20,000 złoty, appear among the lenders of the second class. There can be no doubt that the lenders attributed to the second and third classes (they are not mentioned in the 1766 list of declared debts) were mostly resorted to as a way of repaying the post-Jesuit debts, and the indebtedness to them was the largest. If the old debts of the first class amounted to 239,690 złoty (from 21 lenders), the lenders attributed to the second class (51) granted loans that came to 352,181 złoty and 21 groszy, and the debts to 20 lenders in the third class added up to 100,374 złoty. The sizes of the loans were becoming smaller, and the number of lenders increased. In 1766, there were 69 lenders to the Vilnius *kahal*, and in the list of 1797–1798 there were 95 lenders: 71 private individuals (some were represented by successors/inheritors), 18 Church institutions (almost all of them are attributed to the first class of 'old' debts), and a new type of lender, seven counterparties (in Polish *kontrahenci*) of collectors of different *krobka* taxes. They appear in the list not as individuals but rather as groups of lessees, for example, *kontrahenci krobki jedwabnej* (lessees of the silk tax), or *kontrahenci krobki przeieżdnej* (lessees of the new arrivals tax); the personal name of Szmuł Chamowicz is given only as the lessee of the dowry *krobka*. According to the order established by the Treasury Commission, all revenues of the Vilnius community received from the *krobka* tax had to be channelled into the repayment of debts. *Krobka* counterparties (in Polish *kontrahenci*) lent 59,152 złoty (the largest amount, 18,900 złoty, came from the counterparties of the beef *krobka*, a slightly smaller amount of 14,400 was lent by the counterparties of poultry slaughterers). They were also paid annual interest. The amount lent by *krobka*

counterparties is larger than the total of all types of *krobka* collected in Vilnius (34,000 złoty) which was usually recorded by the Treasury Commission. Here, the question should arise as to what excess profit was generated by leasing the collection of the *krobka* tax, and it will very likely remain unanswered. The decision to lease the administration of this tax for services rendered, or to use the lease of *krobka* for the repayment of existing debts, had been tried earlier. In 1772, the lease of *krobka* tax collection as an economic activity was sanctioned by the Treasury Commission. If we believe a collective complaint of the lenders to the Vilnius *kahal* to the Four-Year Sejm, Michał Kossakowski (1733–1798)<sup>72</sup> took advantage of this circumstance: he leased nine collections of *krobka* for nine years (for 60,000 florins) from the *kahal*, and in this way recovered the money lent before 1782,<sup>73</sup> thus rousing the anger of other lenders, for whom the repayment of debts and interest was suspended. It should be noted that the amount that Kossakowski recovered from the *krobka* tax was actually the same as the total amount of money lent by the *krobka* lessees recorded in the list of lenders in 1797–1798.

The analysis of manual additions in the list of lenders and the supplements to them leans towards the identification of yet another trend: the repurchase of problem loans, which would be a precise term for loans granted to the insolvent *kahal*, or their transfer to third parties. We cannot claim that that was how the overall number of lenders was rising, because in some cases a loan would be taken over by several individuals, and in other cases by one person, an institution or a family. Thus, the old loan of 14,400 złoty granted to the *kahal* by Judel Letmanowicz was taken over, in different amounts, by nine Jewish lenders (one of them is referred to as a merchant from Königsberg, and others as

<sup>72</sup>The source does not provide the name, it is assumed from the position and the time period given in the source. Michał Kossakowski stepped into the position of voivode of Vitebsk (mentioned in the source) in 1787. In the complaint of the lenders to the Vilnius *kahal*, which was drafted in 1788, Kossakowski is described as ‘the current voivode of Vitebsk’, although the events described in the complaint occurred several years before.

<sup>73</sup>‘Reprezentacja od kreditorów na kahale wileńskim sumy swoje mających’, *Materiały do Dziejów Sejmu Czteroletniego*, Vol. VI, No 17.

residents of Vilnius). The largest loan granted to the Vilnius *kahal* by Iła Kleczkova was taken over or repurchased (by analogy with the current repurchase of bad loans for an amount lower than the size of the loan) by the Frydlander family, referred to as merchants from Königsberg. Incidentally, this family took over several other loans, or parts of them. The clergy also became involved in this activity: the Basilians of Vilnius took over the loan granted by Jochiel Nochimowicz. Alex Wozgierd (or Wozgierdowicz) took over 16 loans of various sizes, the total amount of which was almost 50,000 złoty (49,553 złoty); from the 'JW' addition to his name, we can assume he was of noble descent.

It is hard to specify the actual amount of the repurchase of these loans, but it is known that the fact of loan repurchase publicly declared at the Treasury Commission was to a great extent a matter between the lender and the buyer of the problem loan in which the *kahal* no longer took part. It is important to note that only loans granted by private individuals and exclusively by Jews used to be repurchased. Although the data is far from sufficient, we can draw the conclusion that under the supervision of the Treasury Commission, and having stabilised the payment of 7% annual interest, the takeover of problem loans became a stable investment for the boldest, who spotted a niche in the finance business. However, it was a parallel process, and it did not ensure the speedier repayment of the debts of the Vilnius *kahal* to its lenders.

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VILNIAUS ŽYDŲ BENDRUOMENĖS BANKROTAS XVIII A. ANTROJE PUSĖJE.  
ĮSISKOLINIMŲ STRUKTŪRA IR JŲ GRAŽINIMO PROCESAS

Santrauka

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Kurį laiką formavęsis didėjantis žydų bendruomenių kaip institucijų įsiskolinimas XVIII a. antros pusės Abiejų Tautų Respublikoje buvo įvardytas kaip atskiro valstybės dėmesio ir įsikišimo reikalinga problema. Žydų bendruomenių įsiskolinimo valdymas apėmė susidariusių skolų identifikavimą, jų apskaitą, grąžinimo proceso planavimą ir priežiūrą. Šiame straipsnyje, remiantis pirminiais šaltiniais (rankraštiniais žydų skolų apskaitos Lietuvos Didžiosios Kunigaikštystės Iždo komisijoje dokumentais) analizuojama Vilniaus žydų bendruomenės įsiskolinimų struktūra, skolų grąžinimo strategijos ir „blogųjų“ paskolų perpirkimas bei kreditorių grupė ir jos pokyčiai įvairiais skolų grąžinimo etapais. Nagrinėjamas Vilniaus žydų bendruomenės kaip institucijos įsiskolinimo atvejis parodo itin sudėtingą Lietuvos *Vaado* (hebr. *Vaad medinat Lita*) vyresniųjų bendruomenių situaciją. Nemažu iššūkiu atliekant tyrimą tapo atskirti, kuri dalis skolų buvo susidariusi dėl pačios bendruomenės veiklos ir poreikių, o kuri buvo susijusi su vyriausios bendruomenės pareigomis Lietuvos *Vaade* – pagrindinėje ir aukščiausioje Lietuvos Didžiosios Kunigaikštystės žydų savivaldos institucijoje.