



How did trade norms evolve in Scandinavia? Long-distance trade and social trust in the Viking age



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ABSTRACT

As the saying goes, “it takes years to build up trust and only seconds to destroy it.” In this paper, we argue that this is indeed the case when explaining trust formation in Scandinavia. Hence, in an attempt to explain why the Scandinavian welfare states hold the highest social trust scores in the world today, we argue that one possible historical root of social trust may be the long-distance trade practices of the Viking age. To manage the risk of being cheated, trade between strangers in an oral world required a strong informal institution of trust-based trade norms out of necessity to deal with the risk of being cheated. In contrast to similar cases like the famous medieval Maghribi traders, who counted on writing (Greif, 1989), the punishment of cheaters could *not* be supported by written documents such as legal documents and letters, as the large majority of Vikings were non-literate. If a trader did not keep his word, social sanctioning by word of mouth was most likely the only method to discipline the cheater and prevent future free-rider behavior. The early rise of trust-based trade norms in Scandinavia is an overlooked factor in the region’s long-term socio-economic development and social trust accumulation. This result points to the importance of free trade today, especially in poor countries with low levels of economic development and high rates of non-literacy.

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1. Introduction

International surveys show that Nordic populations are the most trusting people in the world. While the average percentage of people answering the question “Can most people be trusted?” in the positive is below 30, the three Scandinavian countries Denmark, Norway and Sweden hold an average of more than 60 percent, which makes them the most trusting nations in the world (Svendsen and Svendsen, 2016a). High trust towards strangers – otherwise referred to as social or generalized trust – correlates well with economic performance, low corruption, effective government, social integration and subjective well-being (e.g., Putnam, 1993, 2000; Uslaner, 2002, 2009; Bjørnskov, 2006, 2009; Paldam and Svendsen, 2000; Özcan and Bjørnskov, 2011).

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Why are Nordic populations with Viking heritage so trusting compared to the rest of the world? The purpose of this paper is to provide an answer by tracing social trust back in time through path dependency. As the literature shows, there are a variety of explanations for the uneven cross-country distribution of social trust (see, e.g., [Ostrom and Ahn, 2009](#); [Nannestad, 2008](#)). One widespread explanation has been the rich tradition of civic engagement, including voluntary associations ([Putnam, 1993](#); [Svendsen and Svendsen, 2004, 2016b](#)). Other explanations include the impact of socialization (e.g., [Dohmen et al., 2008](#)), culture (e.g., [Uslaner, 2002](#)), religion (e.g., [Delhey and Newton, 2005](#); [Weber, 2009](#)), and the quality of state institutions (e.g., [Rothstein, 2005, 2009](#)). Not least, the beneficial effects of welfare state institutions have been stressed. Indeed, as suggested by Bo Rothstein and others, in the case of Scandinavian countries the high levels of social trust are mainly due to the invention of the universal welfare state ([Rothstein, 2003](#)).

There is, however, substantial evidence that low-trust and high-trust countries are stable over time. Consequently, many third world countries, despite large amounts of development aid, have been caged within ‘social traps’ characterized by inequality, low social trust and corruption. Meanwhile others, such as the Scandinavian countries, have for decades functioned within a healthy circle, characterized by equality, high trust and low levels of corruption (e.g., [Uslaner, 2009](#); [Svendsen et al., 2012](#)). One example of the reproduction of trust that can be traced back in history is that of Scandinavian immigrants in the United States (see, e.g., [Uslaner, 2008](#)). Here, the General Social Surveys reveal that Americans with ancestors in Scandinavia still exhibit high levels of trust. Hence, it appears that a value such as social trust is transferred from parent to child as a part of primary socialization.

Other examples can be found in a study by [Freitag and Traummüller \(2008\)](#) showing that social trust still prevails in the former Danish provinces of Schleswig-Holstein, as opposed to other parts of Germany. Another study by [Traummüller \(2011\)](#) covering 97 German regions showed the trust-enhancing capacity of Protestant religious culture, even when the effects of political institutions were controlled for. A study by [Nunn and Wantchekon \(2011\)](#) suggests that a possible explanation for the differences in trust levels in African countries can be linked to the number of slaves that were captured in these countries centuries ago. Finally, [Guiso et al. \(2008\)](#) show how differences in trust and norms in Italy can be traced back to medieval institutions.

Due to these path dependencies, it may be necessary to apply a *longue durée* approach and go back in history to trace the roots of social trust in Scandinavia. As [Putnam \(1993, p. 184\)](#) states, we may assume that trust-generating institutions are accumulated through long historical processes: “Most institutional history moves slowly, [and] history probably moves even more slowly, when erecting norms of reciprocity and networks of civic engagement”.

A specific and rather overlooked feature of Nordic history is the extensive trade over long distances during the Viking age ([Sindbæk, 2005](#)). Trade norms associated with social trust and trustworthiness arguably play an important role in the economy when facilitating trade, not least in non-literate communities. Although some Vikings used the runic alphabet *Futhark* to write short messages, they were largely non-literate until the beginnings of the adoption of Christianity during the 10th century ([Meulengracht-Sørensen, 2006](#)).

Regarding trade norms and enforceability, [Milgrom et al. \(1990\)](#) have shown that reputation damage of defecting traders was used as an effective social sanctioning practice by medieval merchant courts to enforce trust relations in a specific business network. Likewise, [Greif \(1989, 1993, 2006\)](#) has argued that during the 10th and 11th centuries, the Maghribi, a network of Jewish Mediterranean traders, used mostly non-market institutions according to a merchant’s law. This practice enforced trustworthiness and prevented freeriding among overseas sales agents belonging to the ‘coalition’, as “the legal system failed to provide a framework within which agency relations could be organized” ([Greif, 1989, p. 865](#)). In such cases, however, private-order contract enforcement was supported by a written culture, including formal rules. In the case of the Maghribi, the enforcement was supported by letters with additional instructions to overseas agents and, in some cases, legal documents.¹

Belief and risk calculation is more important in informal long-distance trade than in local, close-distance trade, where specific or bilateral trust towards people known beforehand prevails. In informal long-distance trade, social (or generalized) trust thus becomes relevant. Social trust is the belief that most people are trustworthy. This belief is related to having faith in strangers and to the possibility of the risk of being cheated, for example when strangers meet for the first time in the market place ([Svendsen and Svendsen, 2009, p. 12](#)). In other words, as defined by [Bohnet \(2008\)](#), trust is the willingness to make oneself vulnerable to another person’s actions based on beliefs about his or her trustworthiness. Such belief reflects a calculation of risk ([Williamson, 1993](#)).

In the following sections, we will focus on the development of trust-based trade norms as one possible cause of the accumulation of social trust in Scandinavia. The main question is as follows: How did trade norms evolve in Scandinavia? First, in Section 2, we argue that the shift from plunder to trade was rational in economic terms and possibly due to ship technology. Next, we look at the evolution of long-distance trade in Section 3. In Section 4, we then show how trade norms were firmly embedded in a culture of trust where ‘a word is a word’ was legally sanctioned by the oral ‘ting’ system and present in trade norms. Finally, a conclusion is given in Section 5. Our argument is, of course, highly conjectural and should be considered with the appropriate reservations. However, we maintain that early long-distance trade by the Vikings could be one of the factors behind the high levels of social trust in modern Scandinavia.

¹ See also the discussion on the role of legal enforcement in [Edwards and Ogilvie \(2012\)](#) and [Greif \(2012\)](#).

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