

# Money and Trade

## A painfully short economic history of Northern Europe

The first money used by the Vikings was not their own. Nor was it used in the way we would think about using money today. To understand how the Vikings thought about money we need to start a long time ago.

Lets start with how you get what you want. For Mr. and Mrs. Caveman it started out as a fairly simple job, you went out and got it for yourself. This worked very well for most of the time mankind has been around but it was not to last.

The problems start when someone else has something that you need, lets say food for example, that you cannot find where you live. There are now three new options.

The first option is that you go to whoever has the food and ask them to share it with you. This is a great way to make new friends but unless you are very lucky not a good way to get fed.

The second option is to take the food off them. This is not a good way to make friends and only really effective if you are bigger than everybody else. This is how wars get started.

The third option is the one we are interested in today. If you can find something that the other person does not have, but might like, then you can see if they will swap some food for it. It was touch and go whether trade or warfare was invented first but sadly, I suspect it was warfare by quite a way.

So the consumer world was created and from the Stone Age to the Bronze Age, barter (swapping one thing for another) was quite sufficient for most peoples needs. Mr. A exchanged his product, flint for tools, for clothing made by Ms. B. Or both exchanged their products, flint and clothing, for wheat grown by Mr. and Mrs. C. This process of exchange was very simple. Unfortunately, barter can quickly become complicated. If Mr. A and Ms. B both want wheat, but Mr. and Mrs. C do not want flint or clothes, how can an exchange be made? One solution is to find a fourth party, Mrs. X, who wants flint and clothes. She, may raise chickens, something Mr. and Mrs. C do want. She exchanges her chickens for flint and clothes with Mr. A and Ms. B. They then take the newly acquired chickens to Mr. and Mrs. C to exchange them for wheat.

One solution is to exchange your goods for something everybody will want and then you can trade that for anything you need. Something that has almost universally been highly valued in history is metal, especially metals such as gold and silver. Precious metals are easy to carry, do not decay and can easily be measured and divided up into small amounts.

This is where money comes in handy and it seems to have been invented about 4000 years ago, but the people who get the credit for coins are the people of Lydia in Asia Minor during the 7th Century BCE. They produced small ingots of Electrum (a mixture of gold and silver) with markings on them that say how much they weighed which saved anybody having to measure bits out.

Very soon after this money becomes controlled by governments, just to make sure no-one is being cheated of course. They set the amount that each piece of money must weigh and how pure the metal must be. It is not long before they are cheating more than anybody else ever did.



Let us look at the Roman Empire for an example. When Augustus became Emperor he standardised the monetary system and gave all coins a fixed value throughout the empire. Coins were made from gold (aureus), silver



(denarius<sup>(Left)</sup>), bronze (sestertius, dupondius<sup>(Right)</sup> & semis) and copper (as & quadrans) the values of these coins was set at:

$$1 \text{ aureus} = 25 \text{ denarii} = 100 \text{ sestertii} = 200 \text{ dupondii} = \\ 400 \text{ as} = 800 \text{ semis} = 1200 \text{ quadrans}$$

The aureus started out at a weight of 8 grams of gold and the denarius was 4 grams of silver. Slowly but surely prices rose and the amount that could be bought with these coins dropped. The cost of the metals rose as well and the later emperors started to make higher value coins with less precious metal in them. These coins worked, not because they were valuable in themselves, but because the emperor said they were valuable. This is just the same as our money today, a piece of paper that says "I promise to pay the bearer £20" is worth £20 because we believe the promise. When the promise fails, like it did at the end of communism in the USSR, it became cheaper to cook food by burning Roubles than buying gas with them.

The end of the Roman Empire must have been a very similar situation and the devaluing of the currency probably added to the catastrophic collapse. All of a sudden being a specialist craftsman becomes a liability because if no-one trusts the money anymore then there is no point earning money with your trade. In a barter economy it is the people who have what everybody needs that do the best, not the specialists.

I am often asked why our standard of living declined so much when the Romans "left" Britain. Some people almost believe the population became "stupid" overnight. But consider your fine Roman Villa, with hot baths and under floor

heating. How comfortable is it without slaves to run it for you. You cannot heat it without leaving the room to stoke the furnace You cannot mend the roof without a specialist craftsman and without slaves to work the fields you have nothing to trade.

Meanwhile Mr Freedman down the road has a nice house that he has built himself. He can mend the roof because it is made of straw, the straw comes from the crops he grows in his small field to feed his family. He is nice and warm because he has a fire in the middle of his floor, the smoke drifts out through the thatch which helps to preserve it. The smoke in the roof space also preserves meat and stops sparks from the fire from setting the roof on fire. Who is looking "stupid" now?

In the North of Europe at this time we have the Germanic peoples who have never been "Romans" and never relied on Roman money to run their economies. From an outsiders view they lived a barbaric lifestyle but they were masters of their own destinies. They had all the skills they needed to live in a world, without the economic stability that the Roman Empire had created for 400 years.

First to rise were the Angles, Jutes and Saxons who invaded and then settled in "Britannia" and made it "Englaland". In the next centuries they too would move into a coinage based system but at this stage they were using barter and precious metals.

Next would come the "Vikings", 350 years later than the Anglo-Saxon invasions the Scandinavians still relied on barter and precious metals. There is much evidence that the Saxon coins that would soon flood the North as plunder, taken by the Vikings, was not traded as Pennies worth a set amount. They were pieces of silver that weighed a such and such, and that is how they used them.

A fairly common find in Norse graves are small sets of scales. Some are simple, some are beautifully made examples that fold up to be put into a pouch. They would be used to weigh the small amounts of silver used in trading deals. Something that is also commonly found is pieces of jewellery that has been chopped up into pieces to be traded, we often call such items "hacksilver"<sup>(Right)</sup>. It was the tenth century before the Vikings started striking their own coins in any great numbers.



For the Saxons and Vikings, if a coin is valued not by face value but by its weight then it is a short step to dividing a coin to make a smaller trade. In the cutting of these penningar<sup>(Left)</sup> or pennies we find the origins of our not long departed halfpennies and farthings (the Vikings called a quartered penningar a

"fourthing")<sup>(Right)</sup>.



Many coins from this period included a cross design<sup>(Left)</sup> on the back to show where they should be cut to avoid unequal divisions. Another feature we can see on coins from this time that still survives is the ring of raised dots around the edge. The dots acted as a marker for the edge of the coin to stop



anyone from clipping the coin. It sounds odd today, but by taking a little silver from each coin you could slowly save these clippings until you had enough to melt down and trade with. By marking the edge it could easily be seen if a coin was no longer a full weight, thus reducing this dubious practice.

In the late Viking Age a common standard was adopted for a weighing system:

1 Mark = 8 aurar = 24 ortogar = 240 penningar

There is one other way of trading that we have not discussed and that is "credit". I raise this point because the Vikings had a very clever way of recording the details of a credit arrangement which ties into the Runes notes. Let us say Erik wants to buy a boat from Snorri to take his trade goods to the market down river. Both men know each other and are well known in town as honest traders. Reputation was very important to the Vikings. They agree a price of 1 Mark of silver (that is the weight of 240 penningar) and that the price must be paid when Erik returns from the market. To record the details of this deal Snorri picks up a stick of wood, shaves one side clean with his knife and scratches the agreement on the stick in runes. this is called a Tally Stick.

Each man agrees that the details are correct and because of the large sum of money witnesses may also be involved. The stick then is split with the knife, along it's length and through the inscription. Snorri keeps one half and Erik takes the other and the boat to load it up.

On his return from the market, with pouches bulging with silver, Erik finds Snorri and pays him with 240 silver coins. Snorri gives Erik his piece of the stick and the deal is complete.

If however either man disputed the details of the deal the sticks could be brought together as proof. Because wood does not split cleanly the match cannot be forged. Any alterations to the inscription will only appear on one part of the stick so there is no possibility of cheating without being caught.

Neither man will even try to cheat because with a bad reputation they will not be able to trade again. Simple but very effective.