

Tiina Hemminki, *Vauraus, luotto, luottamus: talonpoikien lainasubteet Pohjanlahden molemmin puolin 1796–1830* [Wealth, Credit, Trust: The Lending Relationships of Peasants on Both Sides of the Gulf of Bothnia 1796–1830]. Jyväskylä studies in humanities 232 (Jyväskylä: University of Jyväskylä, 2014). 275 pp.

According to the traditional view, in pre-modern communities, subsistence depended on agriculture or forestry; market and monetary economies were poorly developed; uncertainties of many kinds prevailed, and social life was based on personal relations characterized by trust. It may be somewhat surprising that, under such conditions, extensive lending and borrowing markets existed. In her doctoral dissertation, Tiina Hemminki shows that such economic relations were common among landed peasants and, to a lesser degree, other groups such as tenant farmers. It becomes clear that this was deeply woven into the everyday structures of pre-modern agrarian communities.

Hemminki examines the nature of lending markets on both sides of the Gulf of Bothnia in the period between 1796 and 1830, at the end of the pre-modern era. She asks why people borrowed, what they borrowed, and from whom. Closely related to credit, she also discusses the material life of agrarian communities more widely, focusing on peasants' wealth.

Research on pre-modern credit markets has been active in many parts of Europe, most notably in France, England, and Sweden, but Hemminki's dissertation is one of the first attempts in Finland to shed light on this key aspect of economic history. Hemminki has read the literature related to credit relations widely, enabling her to put the two peripheral parishes she studies into an international perspective. However, although she discusses previous research at length in the introduction, that chapter does not include methodology or research trends on a general level, but rather presents the results of Swedish research. The reader would benefit from a more focused discussion of the relation between Hemminki's study, including its research problems and methodological choices, and the literature in general.

The study compares wealth and lending in two parishes, Ilmajoki in Finland and Nordmaling in Sweden. Both parishes were part of the realm of Sweden, but after the Finnish War in 1808–1809 they were left on different sides of the new frontier between Russia and Sweden. It is a merit of the study that it compares local conditions before and after this political change, especially as it has been uncommon to carry out comparisons over such major political transformation periods or between Finland and Sweden, which, after all, shared a centuries-long history as one realm. The similarity of the original source materials

in Finland and Sweden provides a unique basis for an in-depth comparison.

In her study, Hemminki successfully combines both the economic and social aspects of lending and borrowing. She argues that individuals' wealth consisted not only of material property but also immaterial assets manifested as social capital, particularly in the form of networks, reputation and trust. In the long run, it was rational to invest in immaterial wealth that could be exploited, when needed, to acquire material wealth: for example, loans. The two aspects of wealth are inherently connected in credit relations. In order to be extended credit, people had to have at least some degree of social capital within their community. Concomitantly, providing credit to others enhanced an individual's social capital, thus improving their status in the community.

One of Hemminki's key arguments is that, at the beginning of the nineteenth century, lending markets relied on personal relations, reciprocity and trust. Trust was crucial at every level of the economy, because formal organisations, such as banks, had not yet developed. Central to the study are the concepts of trust and social capital that were embedded in economic relationships and many other forms of interaction, such as neighbourliness, friendship and marital connections. Trust was needed, because in the absence of 'official intermediaries' or other modern means of gathering financial information, credit relations were characterised by severe informational asymmetries, thereby emphasising the important role of trust. Through the much-used concept of social capital, Hemminki refers to immaterial resources that provide access to social interaction. In her usage, the concept is by and large a synonym for social networks: networks enhance the communication of information, generate trust, impose sanctions, and reinforce the shared norms of the members of a network.

A credit relation itself is a strong indicator of trust. Following Hemminki's reasoning,

there are basically only two sources of trust that enable entering into a credit relationship: either the personal trust inherent in pre-modern societies, or that between individuals and formal organisations. She maintains that under informational asymmetries, the parties to a credit relation could not know all the relevant facts about each other, therefore having to rely on "trust" (p. 21). The reader wonders where trust originated in the first place, if there was no readily accessible information to evaluate others' ability to repay a loan. There is, however, a third way to enforce contracts in credit relations and to increase trust, which has been discussed intensively in the economic history literature. Although Hemminki briefly refers to institutions, she does not consider their (possible) role in the functioning of credit markets.

The literature maintains that within a group of individuals who interact repeatedly and share information on each other's past actions, a multilateral reputation mechanism can support contracting. Loan defaulters and extortionate lenders may lose all future partners, provided that information about the earlier behaviour of all parties is widely shared by all. The group serves as an "information agency", reporting on reputations that coordinates the actions of its members; or, in other words, boycotting dishonest individuals. On the other hand, maintaining a reputation for honesty could result in favourable terms and conditions, thus providing sufficient incentives for this. Hemminki shows that one's reputation was important capital in a community, and that lending was to a great degree geographically limited to local villages (pp. 58, 167, 189, 209, 213); this suggesting that information on an individual's past behaviour, whether they had repaid their loans or not, was effectively disseminated within communities. However, institutional theory would have provided a more analytical theoretical foundation for the study, in contrast to the rather indefinite concept of social capital.

That being said, Hemminki's findings – based on careful examination of primary sources, above all estate inventory deeds – are valuable and provide a detailed view of the credit markets in both parishes. One of the most striking results in this respect is the frequency of credit relations. At the time of their death, between 56 and 75 per cent of the peasants had outstanding debts or receivables due from loans. It therefore seems justified to claim that “all peasants were involved with credit during their lives in some way or another” (p. 98). Moreover, the number of credit relations increased, although unevenly, throughout the research period. The peasants were often simultaneously creditors and debtors. It was common for them to have both receivables and outstanding debts when they died: this was the situation with over 40 per cent of the total number of peasants in each parish.

Hemminki asks whether the lending markets changed from being informal to formal during the period under investigation. By informal lending markets, she refers to relationships between individuals; by formal lending markets, to the activities of banks and other organisations. The formalisation of lending markets means the signing of written loan contracts instead of verbal agreements. The conclusion is that most of the loans were informal and agreed verbally, but the proportion of formal loans made with promissory notes increased, particularly in Ilmajoki. Promissory-note loans were mainly given by those peasants who had most lending relationships. Such loans can be regarded as a more secure form of lending, in that the written document would contain the names of witnesses, agreed details and penalty clauses. On the other hand, informal loans typically occurred between friends and relatives.

The thesis discusses the relation between trust and information in an interesting way. According to Hemminki, there were many ways of obtaining information, most of them

unofficial. One's family and other members of the local community knew about one's affairs, keeping themselves rather well informed of one another's doings. However, the more infrequent the interaction between people was, the less means there were to obtain reliable information. This was particularly the case in the lending activities of so-called “parish bankers”. These were peasants whose enterprise was extensive, having twenty or more outstanding debts. Because of the informational barriers based on the significant number of credit relations, such bankers preferred promissory notes, instead of verbal agreements based on personal trust: as a guarantee, in other words.

The thesis includes numerous misspellings. Some errors even confuse the reader. For example, Table 11 indicates that there were more written contracts than verbal agreements, even though in the text the predominance of the latter is strongly emphasised (p. 137). These errors, however, do not undermine the merits of the thesis. Hemminki shows, based on the rich primary sources, that the main factors guiding lending were locality, proximity and family ties. Most of the peasants, as well as other lenders and borrowers, were involved in lending relationships with people who lived nearby. From the perspective of credit relations, Hemminki is able to contribute to our knowledge of the functioning of pre-modern local communities in a fresh way.

Mika Kallioinen

Linda Hinners, *De fransösiska handtverkarne vid Stockholms slott 1693–1713: yrkesroller, organisation, arbetsprocesser* (Stockholm: Stockholms Universitet, 2012). 416 pp.

I sin kunsthistoriske ph.d.-afhandling fra 2012, forsvaret i foråret samme år ved Stockholms universitet, tager Linda Hinners et