

War Time Trade and Tariffs in Sweden from the Napoleonic Wars to WWI

SUMMARY

This paper addresses the literature on the economic effects of war on small countries. In the paper it is suggested that small countries, like that of Sweden, had great opportunities to increase their trade when the traditional trade channels were disrupted. By taking a neutral stand in the conflicts, small countries gained access to markets and could meet demand for in particular staple commodities, which dominated (or came to dominate) their export industries. We assume that the trade policies either sought to attract trade to her ports (and shipping business) by reducing trade barriers, or increased the tariffs in order to increase the fiscal revenues or to protect her industries from foreign goods. In the paper the main purpose is to identify whether trade policy changed or not. The intentions of any eventual policy change, however, are not substantiated. For the purpose of the analyses we have collected data on the development of Swedish shipping, foreign trade, tariff levels, as well as customs revenue during the Napoleonic Wars, the Crimean War and WW I. Our results indicates that Sweden choose different tariff policies during the three wars. Sweden conducted a dramatic tariff reduction during the Crimean War but during the other two wars, the tariffs were maintained at rather high rates, but with the difference that they were kept at high levels in general during the first war, whereas during WW I the tariffs were more differentiated between different types of goods.

KEYWORDS

Neutrality; shipping; Sweden; tariffs; trade; war.

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I INTRODUCTION

This paper relates to the research on the effects of war on the economy and the position of small countries in times when major wars have raged. It is commonly acknowledged that in such times the interstate economic relations have moved from interchange to economic warfare. One of the most apparent results has been that the trade channels have been disrupted and the international trade has contracted. In the literature, such times have been characterised in terms of de-globalisation.¹ However, in this paper we argue that, in times of war, when the traditional trade channels have been disrupted and the world trade have declined, the gains for a country to take a neutral stand were great. Not only by escaping the cost of war, but also from the benefits of being able to provide the warring countries access to safe ports that were open for trade. This was recently demonstrated by (Moreira and Eloranta, 2011) whom showed that supposedly “weak” states like that of Portugal, during the French Revolutionary and the Napoleonic Wars, managed to expand their trade and gained access to new markets – such as those in the North Americas. Another example, which is the subject of this paper, may be found in Sweden during the Napoleonic Wars and the Continental blockade; in order to deprive the enemy of her trade, blockades under the auspices of France leading the European Continental countries and, on the other side Great Britain, became key measures of warfare. Even though the French blockade was more rhetoric than was the British², in 1807 virtually the whole of the Continent was in blockade. In 1807 the Royal Navy had put practically every continental and the French allied ports in blockade. Neutral ports like those of Sweden, however, remained open for trade. As a result Sweden experienced an exceptional expansion of her trade. Was this trade expansion a mere result from a wish to stay out of the war or was the neutrality policy accompanied by trade policy considerations and measures?

In this paper we examine the wartime trade policy strategies and the development of the Swedish trade during the Napoleonic Wars 1803-15, the Crimean War 1853-56 and World War

¹ See for instance Broadberry & O'Rourke, (2010). *The Cambridge Economic History of Modern Europe. 1870 to the Present*. Cambridge: Cambridge University Press, Findlay, R. and O'Rourke, K. H. (2007). *Power and plenty: trade, war, and the world economy in the second millennium*. Princeton, N.J.: Princeton University Press.

² See in particular Chapter 5 in Davis, L. and Engerman, S. L. (2006). *Naval blockades in peace and war: an economic history since 1750*. New York: Cambridge University Press.

One 1914-18. We assume that the trade policies either sought to utilise the position of being one of the few countries with ports open for trade, aimed to increase the fiscal revenues, or to protect the domestic industries from goods, which according to for instance (Heckscher, 1964) flooded the Swedish ports.

The paper is organised as follows: in section II the wars are outlined; in section III the development of the Swedish shipping business is presented while in section IV and V the trade and the tariff levels as well as the development of customs revenue are analysed; and in section VI the paper is concluded.

II Background – The Wars

This paper covers a long and dynamic period of time, and the wars that are in our scope differ respectively as regards causes, impact, length etc. and in important respects they do not compare. However, as regards the Scandinavian history of trade and foreign policy the period has some important features in common.

Some of the recurring features that lasted throughout the period were established during the Napoleonic Wars when the power-struggle between France and England resulted in naval and economic warfare that caused major implications for the development of European politics, economy – and trade. Not only for the centre of power to Great Britain and a more than a century long period of Pax Britannica, but also for the smaller states, such as Sweden. The Scandinavian nation attempted for the longest time to remain neutral between the two major blocks in the war, and argued together with Denmark the rights of the Convention of Armed Neutrality from 1780, which stated that “free ships make free goods, and that provisions and ordinary naval stores could not be treated as contraband of war”.³ Safeguarding the foreign trade was an integral part or even main feature of Sweden’s foreign policy of the time. Merchants were a group who kept a staunch stand against entry into the war, since they desired

³ Malmberg, M. a. (2001). *Neutrality and State-building in Sweden*. Basingstoke: Palgrave., p. 63

open trade links “in all directions”, which could only be kept through a continued neutrality.⁴ Several works on Swedish trade history have emphasized the neutrality policy as a key explanation of its expansion. As a non-belligerent nation Sweden could provide both neutral tonnage and neutral ports for international trade, which was otherwise blocked or ravaged by naval warfare.⁵

There is some small evidence which points towards that some awareness existed among leading politicians and bureaucrats that the war would mean distinct advantages for Swedish shipping and foreign trade. In 1801 the National Board of Trade pointed out to the Swedish government that that the competition between the European merchant fleets was “severely limited” in times of war, and that this was to be seen as a “preparedness point of view.”⁶ There was also some belief during the time that the country’s merchant fleet, the fifth largest in Europe at the outbreak of the war, had expanded because ship-owner anticipated an increased demand for freight on Swedish vessels when the other great shipping nations were at war.⁷

The preconditions for trade growth were good during the Crimean War and in some respect WWI as well. Even though the Swedish king Oscar I plotted to draw Sweden into the Crimean War, in order to restore a new Great Swedish Empire by reconquering Finland (which was lost in 1809) from Russia, Sweden never entered the war.⁸ This war had less in common than had the Napoleonic Wars and WW I. While the international trade channels were destroyed during the Napoleonic Wars and WW I⁹, the Crimean War in some ways gave momentum to the European industrialisation¹⁰: the armaments increased the demand for staple commodities, the transportations developed as the shipbuilding technology advanced, the building of canals and

⁴ Ibid. p. 68; Ahnlund, N., Carlsson, S. and Höjer, T. T. s. (1954). *Den Svenska Utrikespolitikens Historia. 3. 1/2, 1792–1844*. Stockholm: Norstedt., p. 107. See Müller, L. (2004). *Consuls, Corsairs, and Commerce. The Swedish Consular Service and Long-distance Shipping, 1720-1815*. for an analysis of the role of Swedish neutrality for trade and shipping.

⁵ Högberg, S. (1969). *Utrikeshandel och Sjöfart på 1700-talet: Stapelvaror i Svensk Export och Import 1738–1808*. Stockholm: Bonnier., p. 31.

⁶ Ibid. p. 220.

⁷ Ibid., p. 31.

⁸ Wahlbäck, K. (2011). *Jättens andedräkt. Finlandsfrågan i svensk politik 1809-2009*. Stockholm: Atlantis AB.p. 71-73.

⁹ Chapter 7 and 8 in Findlay, R. and O'Rourke, K. H. (2007). *Power and plenty : trade, war, and the world economy in the second millennium*. Princeton, N.J.: Princeton University Press.

¹⁰ Schön, L. (2010). *Sweden's Road to Modernity. An Economic History*. Stockholm: SNS., p. 112-

railways increased, and the expanding financial markets ability to supply this process with capital increased etc. Paradoxically nationalism and increasing needs to finance the state activities and the expanding public sector, became a characteristic alongside with economic liberalism.¹¹ Thus, unlike the Napoleonic Wars and WW I the Crimean War was not accompanied with economic de-globalisation.

In the literature it is stressed that the methods of economic warfare were different from other wars. According to for instance Barbieri and Levy, neither systematic blockades like during the Napoleonic Wars nor rigid "trading with the enemy-acts" nor extensive contraband lists were practiced during the Crimean war. But nonetheless, the warring sides soon developed strategies in order to deprive the enemy of resources. Instead temporary blockades and contraband captures became customary.¹² The rationale was accordingly to sustain the British (and her Allies) trade and at the same time acquire flexible tools to weaken Russia, which depended on trade for her growth and strength, and the Royal Navy which ruled the high seas and the allied French naval forces, proved far more stronger than the Russian side.¹³

Another difference from the Napoleonic Wars was that during the Crimean War the major naval battles were mainly concentrated to the Black Sea and the Mediterranean Sea. But the impact of the naval activities in the Baltic Sea had great importance to the deprive Russia from vital commercial exchange. This meant that Sweden as well as the Baltic and the trade routes in the Sound, in the Baltic Sea and in Skagerrak, were affected by the war events. Soon the superior British and French naval forces coerced the obsolete Russian Baltic Fleet to operate close to and with support from its coastal fortifications. While the first chose a careful strategy and blocked the Baltic transoceanic and coastal trade routes, and raided the Finnish coast, the latter was boxed in. In January 1856, when the Baltic Fleet surrendered, the Russian economy was in ruin while the industries were undeveloped.¹⁴ Thus, for some years Sweden escaped the

¹¹ Magnusson, L. (2009). *Nation, State and the Industrial Revolution*. London; New York: Routledge.

¹² Barbieri, K. and Levy, J. S. (1999). Sleeping with the Enemy: The Impact of War on Trade. *Journal of Peace Research* 36. p. 465

¹³ Anderson, O. (1961). Economic Warfare in the Crimean War. *The Economic History Review* 14., p. 38-39.

¹⁴ See Lambert, A. (1990). *The Crimean War. British grand strategy against Russia, 1853-56*. Manchester, UK & New York, USA: Manchester University Press. Kirby, D. (1996). *Östersjöländernas historia. 1772-1993*. Stockholm: Atlantis.p. 118-119.

competition from the Russians which thitherto had had a strong position in the Baltic Sea, which at least partly explains why the trade as well as the shipping business expanded (see below), and as a neutral country in the conflict, she was (formally) safe from hostilities.¹⁵

WW I, the Great War, was fought on a different scale and the costs, the depth and length of the impact was greater than the previous war. Besides the tragic losses of lives, the costs of the ruined material resources were enormous.¹⁶

During the WW I, Sweden took a neutral stand again but this time the declaration (the definition) of neutrality was more specific. One of the main reasons for this was that the role of trade to the armament capacity had come to the fore and the warring countries – Great Britain in particular – claimed that Sweden breached this declaration and that the Swedish trade was conducted in order to favour the Central Powers. In order to obtain trust and credibility to her policy (and ensure that her trade was left undisturbed), Sweden was obligated to conduct her trade with the warring countries equally. With regard to the increasing shortages of goods and as the Allied blockade became increasingly stricter practiced, which in combination with the offensive German submarine warfare in 1917, the conditions of Swedish trade were seriously worsened.¹⁷ As a result Sweden came out differently than during the Crimean War.

III Shipping

As mentioned above, according to Müller Sweden's shipping capacity increased during the French Revolutionary and the Napoleonic Wars. The Swedish shipping activities increased during the Crimean War as well (Figure 1). During the Napoleonic Wars and the Crimean War the cargo capacity increased by 20 per cent, while the number of vessels increased by 20 per cent during the first war period. Considering the remarkable size and capacity of the merchant fleet before the Napoleonic War, this increase was notable. During the Crimean War and WW I

¹⁵ Davis, L. and Engerman, S. L. (2006). *Naval blockades in peace and war: an economic history since 1750*. New York: Cambridge University Press., p. 8.

¹⁶ See Broadberry, S. and Harrison, M. (2009). The Economics of World War I: an overview. In *The Economics of World War I* (Eds, Broadberry, S. and Harrison, M.). Cambridge: Cambridge University Press., p. 26-28.

¹⁷ Fridlitzius, G. (1964). Sweden's Exports 1850-1960. A study in perspective. In *Economy and history*, Vol. VI (Eds, Bjurling, O., Fridlitzius, G., Svensson, I. and Jörberg, L.). Lund: The Institute of Economic History., p. 45-46.

the number of vessels decreased; ships were built larger and had larger capacity. Thus, during the first two periods, the war triggered an expansion of the Swedish shipping business.

During WW I, however, the shipping business declined. The reason to this was the efficiency of naval and economic warfare. Again blockades became customary and even though the Royal Navy ruled the sea the improved capacity of for instance modern artillery forced the British to operate more concentrated to safe seas instead of close to the ports. In addition, efficient submarine warfare made it possible to attack merchant vessels and conduct counter-blockades. As a result neutral shipping was more vulnerable to the hostilities. Partly, this intention of the warring parties sought to hinder neutral shipping to support the enemy side. For instance, in 1917 about ¼ of the ships sunk by the German submarines were neutral.¹⁸ For this reason, this year marked the beginning of the war period called 'the blockade years'.¹⁹

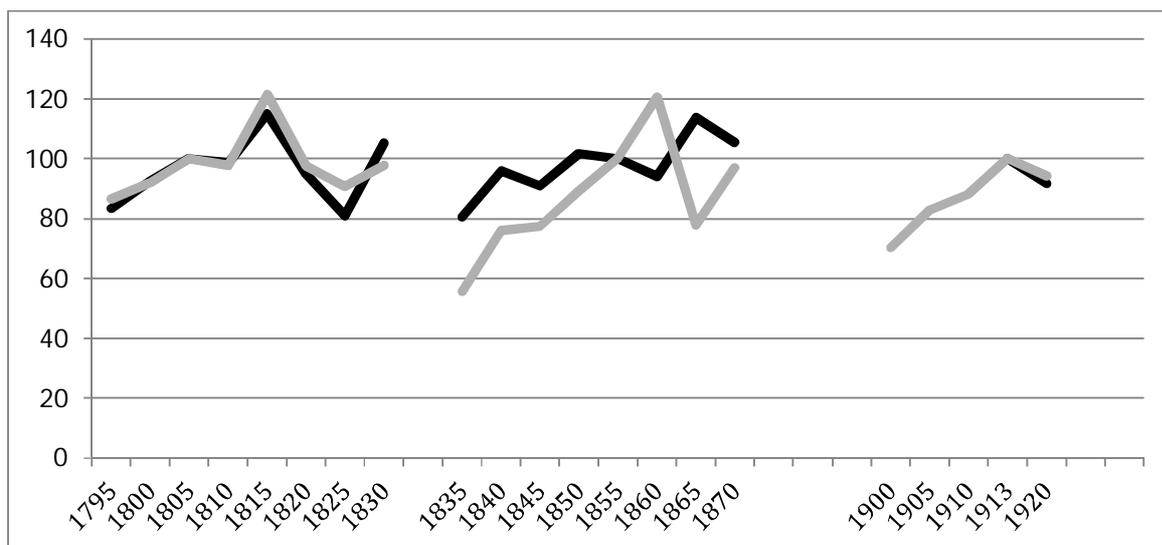
Yet another difference was that during WW I the control of the trade was centralised to governments, in order to arrange and allocate the trade and the armaments. This meant that the government intervention became far more extensive and coordinated than before.²⁰

Figure 1. Indices of the Swedish shipping capacity during the Napoleonic Wars, Crimean Wars and WW I (1805=100). Black graph represents the number of vessels; the grey graph represents the cargo capacity (space).

¹⁸ Findlay, R. and O'Rourke, K. H. (2007). *Power and plenty : trade, war, and the world economy in the second millennium*. Princeton, N.J.: Princeton University Press., p. 429-430. In 1917, Sweden lost about 25 per cent of her total wartime losses. Davis, L. and Engerman, S. L. (2006). *Naval blockades in peace and war: an economic history since 1750*. New York: Cambridge University Press., p. 180.

¹⁹ Fridlitzius, G. (1964). Sweden's Exports 1850-1960. A study in perspective. In *Economy and history*, Vol. VI (Eds, Bjurling, O., Fridlitzius, G., Svensson, I. and Jörberg, L.). Lund: The Institute of Economic History., p. 45

²⁰ Findlay, R. and O'Rourke, K. H. (2007). *Power and plenty : trade, war, and the world economy in the second millennium*. Princeton, N.J.: Princeton University Press., p. 429-430.



Sources: *Underdåniga berättelser om Sveriges utrikes handel och sjöfart 1819-1857*; *Kommerskollegium - Utrikes handel och sjöfart 1858-1910 (BiSOS F)*; *Statistiska Centralbyrån (1911-1938)*.

IV The Development of Foreign Trade

Swedish foreign trade during the three wars followed the development of the shipping business, (figure 2 below). The trade did not increase until 1807. In 1807-13, however, imports more than doubled while domestic exports decreased by a little more than half. It should be noted that re-exports soared during the years when imports increased, particularly of “exotic goods” such as coffee, sugar and tobacco, but also of textiles such as cotton. The surprisingly large increase of imports is derived from large-scale purchases from England and from ports in the Baltic. Between 1811 and 1813, however, the export decreased by 70 per cent. This decline coincided with Swedish participation in the war on the British side. The boom in imports may perhaps be interpreted as if the Swedes took the place of the warring powers, which lost shares in the world trade during the period. When the wars ended and trade was resumed, the Swedes probably lost their shares. Thus, viewed in this rather short perspective, the expansion of Swedish imports and re-exports was related to the development of the war and the blockade in

a major way. This mirrored the experience of the neutral American Republic during the same time.²¹

During the following wars both the export and the import increased, though at different rates and during the Crimean War, the trade increase lasted a bit longer. During this war, the trade increased *pari passu* with a general growth cycle, while during WW I the world trade was seriously disrupted. After the Crimean War, the trade first declined but as the industrialisation process continued, the commercial exchange increased again.

The Swedish shipping companies were incited by the increasing demand from the armament industries abroad, which was noticeable already by 1853, and as the competition from Russian iron, products from her forestry and the agricultural sector vanished after 1854 the Swedish export industries expanded their activities.

During the Crimean War both the exports and the imports increased (figure 2 above), starting in 1851, though the increase was faster after 1852. Between 1853 and 1856 the exports and imports were doubled. But similar to the Napoleonic Wars the trade during the Crimean War was followed by a short decline. Between 1856 and 1858 the import and the export dropped by about 50 per cent. But the trade flows never fell below the pre-war levels and when the war had ended, and the commercial exchange was resumed and normalised, the trade flows began to grow again. Between 1858 and 1859 both exports and imports increased by about 40 per cent. Similar to the Portuguese experiences presented by Moreira and Eloranta, the expansion during all three wars was temporary.

Thus, during WW I both exports and imports increased as well but the growth trend was shorter. After the outbreak of the war, between 1914-1916, trade increased by about 50 per cent.²² The rapid decline during the ensuing years coincided with the escalated submarine warfare during the blockade years, from 1917 and the decline of the shipping business. It is

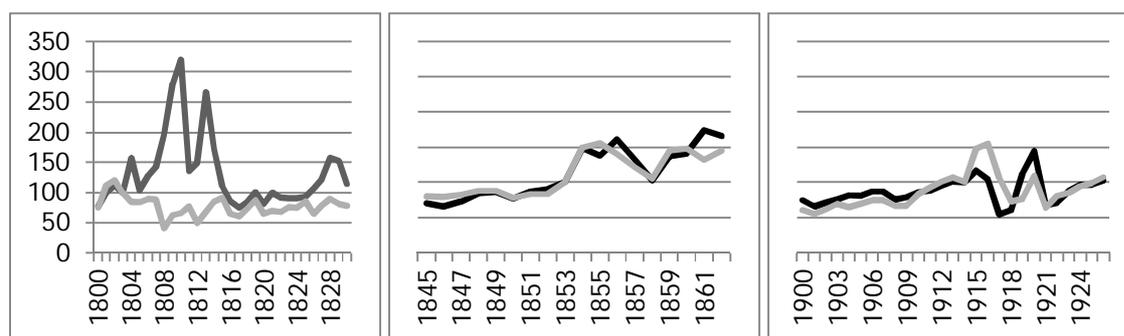
²¹ Findlay & O'Rourke (2007), p 367.

²² The exports increased faster than the imports, and again the price levels began to increase. Between 1913 and 1916 the export and the import price index increased about 50 per cent. Fridlitzius, G. (1964). Sweden's Exports 1850-1960. A study in perspective. In *Economy and history*, Vol. VI (Eds, Bjurling, O., Fridlitzius, G., Svensson, I. and Jörberg, L.). Lund: The Institute of Economic History., p. 44.

worth noting that during WW I trade didn't drop as dramatic as during the Napoleonic Wars – especially as regards domestic exports, which fell by 40-60 per cent between 1803 and 1807-1813.

Figure 2. Swedish Foreign Trade during the Napoleonic Wars, the Crimean War and WW I.

Black graph import, grey export



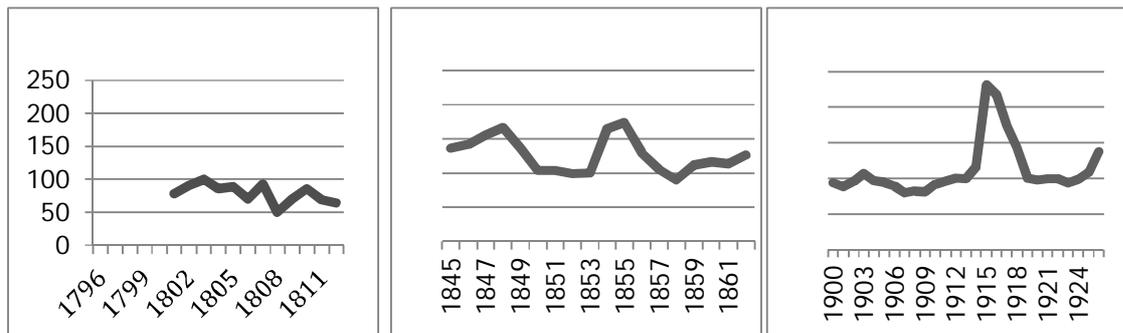
Sources: Napoleonic: Häggqvist, forthcoming; Crimea and WWI: National Board of Trade, National Archives.

As for comparison, below (figure 3) Swedish trade growth is related to the British export (Sweden's export/Great Britain's export) below.²³ The Swedes gained trade shares from the "world market" during the Crimean war and WW I but not during the Napoleonic Wars (when domestic exports plummeted). Between 1853 and 1855 the increase exceeded more than 75 per cent but during WW I relative exports increased was doubled 2.5 times. The increase didn't last, however, and the expansion was as temporary as was absolute trade growth. The market shares gained during the Crimean War seem however to have had more lasting positive impact

²³ [It would be optimal to use annual trade data of Europe. Since Great Britain accounted for a relatively large share of the European trade, this might serve as a proxy for the European trade. It is worth noting that the Swedish followed the British trade relatively closely, which in all probability was a result from the close commercial exchange between the two countries (in 1850 Great Britain's share of the Swedish trade came to 31.5 per cent). When the war broke out, it is clear that the Swedish and the British trade moved conversely; while the British exports declined by about 10 per cent the Swedish increased by more than 55 per cent. After that the Russian Baltic Fleet had capitulated, the Swedish trade declined again. At the moment it is unclear whether this depended on that the armaments declined in Europe or if the competition from the Russian export industries increased. The decline was probably not related to the Swedish tariff levels, which is discussed below.]

on Swedish exports.²⁴

Figure 3. Swedish Export Relative to UK Export.



Sources: Swedish exports: see figure 2; UK exports: B.R. Mitchell (1975) – *European Historical Statistics 1750-1970*.

V The Tariffs – The Napoleonic Wars

Heckscher regarded that trade growth during the Napoleonic Wars was “obviously a course without any precedent in the past.”²⁵ Considering that Swedish trade increased during all three wars in focus in the paper, albeit in different ways, a relevant question is if the trade increases were accompanied by Swedish trade policy changes. In the following the wartime import and the export tariffs are presented in order to determine whether active policy adjustments were made.

The tariffs for Swedish foreign trade by way of sea²⁶ were presented in a collection of declarations, decrees and resolutions from the government (monarchy) published annually. For

²⁴ Hedberg, P. and Karlsson, L. (2015). Neutral Trade in Time of War: The Case of Sweden, 1838–1960. *International Journal of Maritime History* 27, 61–78.

²⁵ Heckscher, E. F. (1949). *Sveriges Ekonomiska Historia från Gustav Vasa. D. 2, Det Moderna Sveriges Grundläggning, Halvbd 2*. Stockholm: Bonnier., p. 660.

²⁶ There were also special tariffs for land bound foreign trade, over the borders with Norway and Russia, but they have been omitted here.

this period in question tariffs were revised in 1799, 1816, 1818 (exports only), 1822 (exports only), 1824, and 1826 where all changes went into effect January first the subsequent year. The tariffs for some commodities (particularly grains) were revised more frequently, which could be modified within the space of mere months in order to regulate shortages or abundances.²⁷ The tariffs have been selected on the basis that they targeted the most important commodities, such as grains, sugar, salt and textiles, which accounted for the largest share of imports. Iron and forestry have been included as well even though they were minor imports, but could be interesting from a protectionist standpoint. With export-tariffs all the major commodities are included, except for potash. Tariffs have been calculated as ad-valorem by taking the specific tariff on each commodity divided by the price of each commodity, deriving a percentage value.

The average import tariff (see figure 4) decreased somewhat during the Napoleonic Wars, a result mainly of increasing import prices while specific tariffs were virtually unmoved during the war years. The Navigation Act, which had set different tariffs for domestic and foreign shipping, was suspended between 1807 and 1814 which brought down specific tariffs slightly, but it was most notable with the tariff on raw cotton. Decreasing import-tariffs hence coincided with increasing import levels (and as a result increasing re-exports) during the Napoleonic Wars. When the war was over tariffs were increased again, across most commodity-categories (see figure 5). This is in line with Arthur Montgomery's view that the period of the Napoleonic Wars was more "liberal" while protectionism was re-instated once war was over.²⁸ The war hence had a very brief downward impact on tariff-rates, while it did not shake the protectionist base of Swedish tariff policy. Rather, it seems as if the impact up until 1830 seems to have been to drive tariff-rates upwards. This is notable with agricultural tariffs which increased markedly after 1816. This was a sector which had not benefitted from the disruption of trade during the war, and so agricultural interests came to argue for increased protection from foreign competition after 1816.²⁹

²⁷ For more on the particularity of the grain trade, see Åmark, K. (1915). *Spannmålshandel och Spannmålspolitik i Sverige 1719–1830*. Stockholm: Isaac Marcus Boktryckeri Aktiebolag.

²⁸ Montgomery (1921), p. 5.

²⁹ Ibid, p. 6.

One plausible argument as to this policy choice is related to fiscal needs of the Swedish state. For instance, Nye and Magnusson has showed that the emergence of states entailed fiscal needs and Williamson has forwarded this argument as to why the young American republic had relatively protective tariffs during the same period, 1789-1820.³⁰ The choice to be neutral in the war in combination with specific tariffs steady could then be seen as a way for the state to increase the state's financial resources. This is confirmed in Figure 9, which displays the Swedish levies during the Napoleonic Wars. After the tariff increase in 1799, the income from levies increased for a few years and peaked in 1812. (This will be analysed and matched with the development of the trade of single commodities as well as the geographic pattern of the trade later on.) It hence seems as if maintained specific tariffs and a boom in imports increased the state's revenues from foreign trade during the Napoleonic Wars. It should be noted that among import tariffs the bulk of customs revenue came from alcohol (mainly wine, rum and brandy) and from exotic long-distance consumption goods such as coffee, sugar and tobacco.

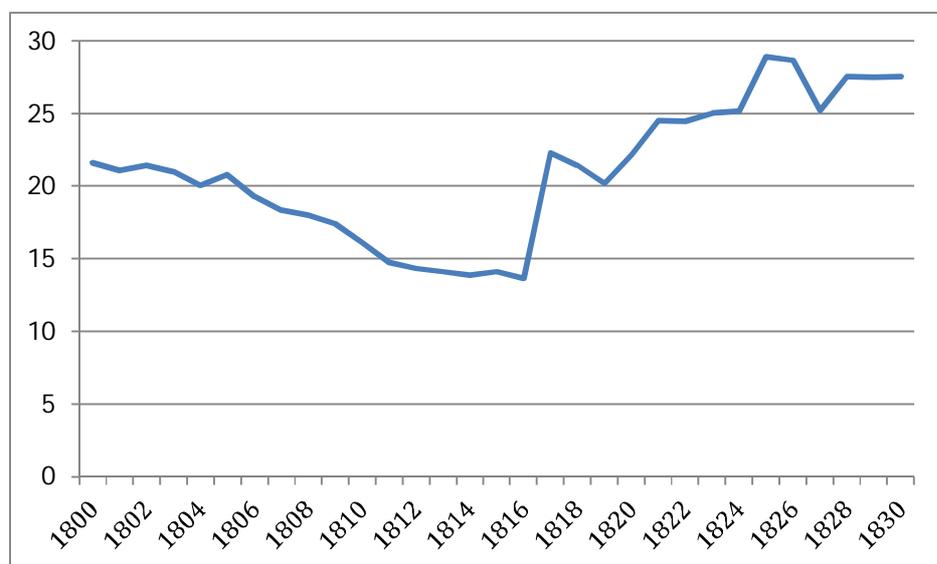
Another interpretation is that tariffs could have been used in order to protect the domestic industries from competition, in accordance to the infant-industry argument. Taussig, in his early work on the American tariffs during the Napoleonic Wars, found that high levels of tariffs were mainly used to protect "young industry", such as cotton, woollen, and iron. The protection was deemed to have been of even "extreme" character certain periods; so much so that the first steps in some manufactures hadn't been taken if it hadn't been for the economic stimulus given to them through the tariffs.³¹ The Swedish government could in a similar fashion have wanted to protect some sectors of its own industry. The high import duties on processed or coloured textiles could be seen an argument for this. High tariffs and import-bans were also maintained on iron, steel and forestry – commodities which Sweden had a high degree of own production in

³⁰ Williamson, J. G. (2003). Was It Stolper-Samuelson, Infant Industry or Something Else? World Trade Tariffs 1789–1938. National Bureau of Economic Research, Inc. Magnusson, L. (2009). *Nation, State and the Industrial Revolution*. London; New York: Routledge, Nye, J. (2007). *War, Wine and Taxes: The Political Economy of the Anglo-French Trade, 1698-1900*. New Jersey: Princeton University Press.

³¹ Taussig, F. W. (1910). *The Tariff History of the United States*. New York: Putnam's.

and likely wanted to protect.³² According to Montgomery, the Swedish tariffs in the long nineteenth century pointed out that the duties of 1816 denoted a clear escalation of the prohibitionist tendencies of Swedish trade policy; a change which the author saw as partly stemming from a reaction to the “freer views, which under the pressure of the general European war made themselves present to some extent”.³³ In the text accompanying the law lifting the Navigation Act it is stressed that the circumstances of the warfare, making many foreign ports besieged by “hostile troops”, has hindered Swedish shipping to those places, and hence the action of removing the toll differentiation was deemed necessary.³⁴

Figure 4. Average (Unweighted) Ad-valorem Import Tariff 1800–1830



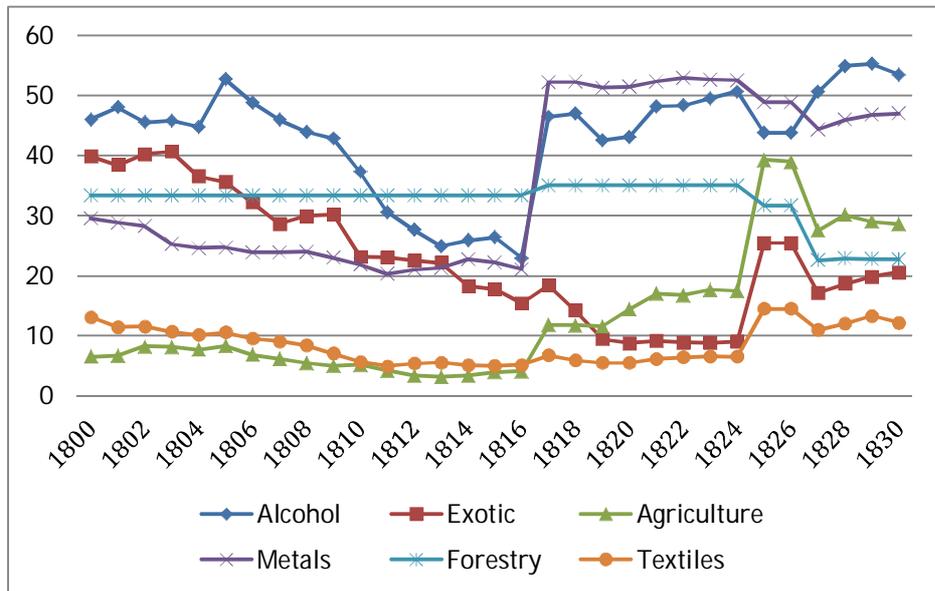
Sources: Häggqvist, forthcoming.

³² See Gerentz (1951) on the protection of domestic iron which was initiated in 1782.

³³ Montgomery, A. (1921b). *Svensk Tullpolitik 1816–1911: Översikt*. Stockholm., p. 5.

³⁴ “Kongl. Maj:ts och Rikets Commerce-Collegii Kungörelse, Angående Det så kallade Product-Placatets whilande tils vidare äfwen i anseende til de Farwatten och Orter, som äro inom Östersjön belägne. Gifwen Stockholm den 16 April 1807.”

Figure 5. Ad-valorem Import Tariffs by Commodity-group 1800–1830



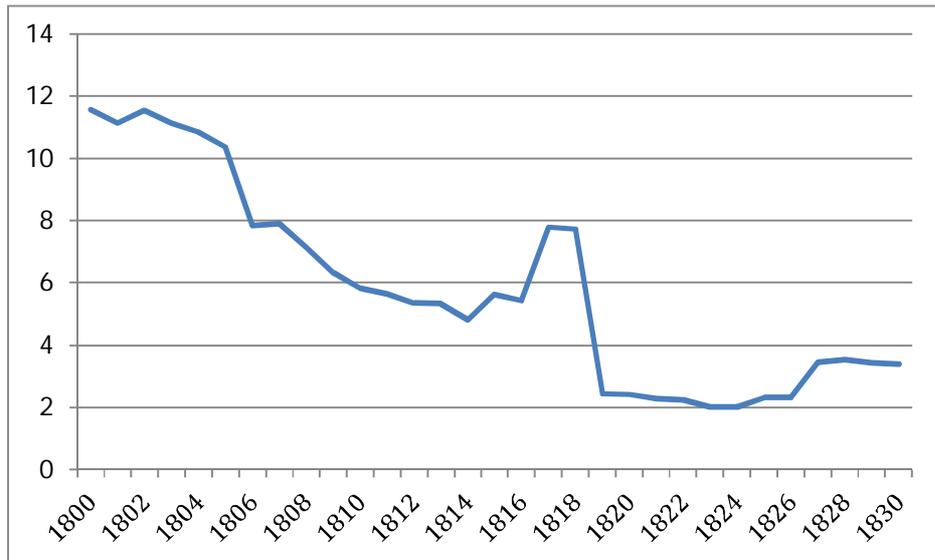
Sources: Häggqvist, forthcoming.

Export tariffs were generally quite high during this time, particularly on forestry exports such as battens and timber. They were also put on bar iron and as such brought in significant customs revenue. The fiscal argument was the main reason why the export tariff on bar iron remained until the 1850s. The suspension of the Navigation Act in 1807 when the difference in tariffs between Swedish and foreign ships was removed brought down the average export tariff (see figure 6). The decrease following from this became apparent as regards important export commodities such as bar iron and copper. The change was however most substantial for products such as battens and timber, which in effect cut the tariff in half. From the view of the Swedish forestry production, this was an important tariff reduction. Högberg, for instance, explained that this was why Swedish exports of boards to England continued to increase until 1810, when Canadian boards and timber took an increasingly larger share of the British market.³⁵ Export tariffs were then increased again once the war was over, but this policy had only a brief impact as the tariff revision of 1818 brought down the tariff on all exports. The cut was particularly noticeable on battens, timber, and bar iron. It hence seems as if the experience

³⁵ Högberg, S. (1969). *Utrikeshandel och Sjöfart på 1700-talet: Stapelvaror i Svensk Export och Import 1738–1808*. Stockholm: Bonnier., pp. 141-142.

of trade distortion and decreasing exports during the Napoleonic Wars brought about a decrease in the export tariff. Montgomery argued that this was a main cause for export interests, mainly in forestry, to petition the government for a cut in their tariff burden.³⁶

Figure 6. Average (Unweighted) Ad-valorem Export Tariff 1800–1830



Sources: Häggqvist, forthcoming

The Tariffs – The Crimean Wars

According to for instance Jonsson and Montgomery, a deliberate liberal trade policy gained ground successively in Sweden after the Napoleonic Wars. Quite a number of import bans were revoked but the ones that were still kept in effect targeted the largest goods such as pig iron, bar iron, iron ore, textiles like cloth, cotton and woollen textiles and foodstuffs, and the import tariffs on manufactures came to about 25 per cent, but the tariffs on some textiles, like cotton fabrics were set at 100 per cent. Thus, a licensing system and prohibitive tariffs were still in full

³⁶ Montgomery (1921), p. 12.

practice by the end of the 1840s.³⁷

There were several factors that pushed the trade policy towards a more liberal orientation. First of all, the Swedish government representatives often ended up in difficulties to offset high tariffs due to the highly varying tariff levels when Sweden was about to negotiate new trade agreements with foreign countries – especially with the British. In addition, this stirred antagonism between the traditional and the emerging domestic industries and in the parliament, which eventually changed the balance and the political alliances and alignments. But also, during the beginning of the 1850s the prices of agricultural products increased, which was related to the armaments and the preparations for the war, and that some staple commodities and foodstuffs were expected to be short in supply. Another factor was the smuggling trade, which deprived the Swedish treasury of large sums. The strongest factor behind the liberalisation, though, was that Swedish economic growth increased, thus partly driven by the Crimean War. Consequently, several export prohibitions were repealed but some remained – like that on iron ore.³⁸ As regarded the import tariffs, important reductions were made, especially on foodstuffs and raw materials. The reductions also included some of the goods, like machines (e.g. steam engines) and finished goods, demanded by the advancing Swedish industries. By then, most export tariffs of significance were revoked. However, some were preserved, like the few export tariffs on products from forestry (battens).³⁹ The export of products from the forestry became increasingly more important during the 1800's – especially after the British tariff reduction in 1851. In 1851/1855 this sector accounted for more than 1/3 of the Swedish export (while iron and steel and grain accounted for 31 and 20 per cent respectively).⁴⁰ However, the export tariffs have been left out of the analysis since they were virtually irrelevant during this time, even for customs revenue. Thus focus is placed on import tariffs.

³⁷ See in particular Jonsson, P. (2005). *Handelsfrihetens vänner och förbuden: identitet och politisk kommunikation i svensk tullpolitik 1823–1854*. Örebro: Diss, Örebro universitet. . Montgomery, A. (1921a). *Svensk tullpolitik 1816-1911*. Stockholm: Isaac Marcus boktryckeri AB., pp. 64-65.

³⁸ Montgomery, A. (1921a). *Svensk tullpolitik 1816-1911*. Stockholm: Isaac Marcus boktryckeri AB., p. 68.

³⁹ *Ibid.*, p. 68.

⁴⁰ Fridlitzius, G. (1964). Sweden's Exports 1850-1960. A study in perspective. In *Economy and history*, Vol. VI (Eds, Bjurling, O., Fridlitzius, G., Svensson, I. and Jörberg, L.). Lund: The Institute of Economic History., 12-13.

The price levels continued to increase in general after 1853. From the view of the Swedish consumers, the increases were burdensome, and shortly the real wages followed the commodity prices. For this reason the tariffs on agricultural products was revoked for periods during 1854 and 1855, similar to during the Napoleonic Wars.⁴¹ As is displayed in figures 7 and 8 below, most tariffs were dramatically reduced shortly after the outbreak of the Crimean War. The commodities included here were typical for Swedish trade in different respects, either since they accounted for a large share of total trade (such as grains, iron and steel, textiles and products from the forestry) or were of strategic interest (such as steam engines, tools and devices). [We plan to conduct a more systematic compilation of data to be able to tell how large part and which commodities traded (the volume and the structure) that were subject of the tariffs.] The average tariff rates are presented as ad-valorem. The decrease of the average tariff during the war was very large, going down from over 30 percent before the war down to 11 percent in 1857, when war was over. We hope to be able to look further into whether this trade liberalisation was connected to the circumstances of war itself.

As regards the tariff on foodstuffs, two opposite trends were apparent: foodstuffs of international character (e.g. sugar, coffee, tea, cocoa, peppers, etc.) were stable while after the war they increased strongly while the tariffs on bulks from adjacent markets, like grains, meats, live cattle, butter etc., were dramatically reduced. This confirms the claims of Montgomery that the government wanted to reduce the food prices. In 1857 the tariffs seemed to have dropped but this was partly a result from that several tariffs on agricultural products were revoked (for the part of the analysis of the paper, in such cases the tariff rate was set at 0). In 1860 though, some of them were reintroduced, which entailed an average tariff increase.

The tariffs on manufactures such as textile tariffs, the metal tariffs (a rather heterogenous category, containing bar iron, as well as products consisting of copper, led, tin etc.) and the tariffs on finished goods (like steam engines, tools and apparatus) were clearly reduced as well.

⁴¹ Montgomery, A. (1921a). *Svensk tullpolitik 1816-1911*. Stockholm: Isaac Marcus boktryckeri AB., pp. 77-78.

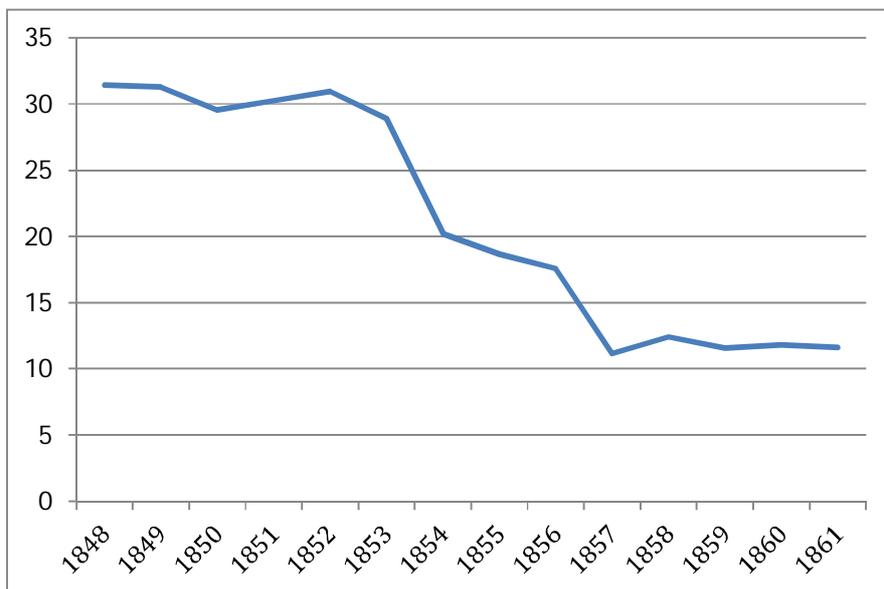
Steam engines and steam boilers was placed with a 5 percent tariff in 1854, but then became completely duty-free in 1857. Rates were also heavily cut on bar iron, sheet iron and steel. In fact, in 1857 the only tariffs within the category metals/machinery were placed on nails (around 10 percent) and unprocessed lead and tin. Most interesting, perhaps, is the tariffs on forestry products, which experienced the strongest tariff reduction when they became completely duty-free in 1854. This had been preceded by According to Schön (2010), the Swedish exports of sawn timber came to an average above a 5 per cent annual growth during the 1830s-1840s.⁴² To sum up, even though the accuracy of the compiled tariff rates as regards the categories are somewhat tentative at the moment, the tendency was one of decreasing tariff rates followed by stagnating rates once the war was over. The tariffs which still remained high even after liberalisation were those on the import of alcohol (beer, wine, foreign and domestic spirits) and exotic consumables such as coffee, tea, sugar, coffee, peppers and raisins. More detailed data on customs revenue is still to be collected and processed for this period, but it seems as if those tariffs which remained at high levels were there for fiscal reasons. Data seems to indicate that the import of particularly foreign alcohol such as wine, rum, brandy, cognac (which increased significantly after 1830) made up an increasingly larger part of total customs revenue during the 1840s and 1850s.⁴³ One big impact of the changes done during the Crimean War was hence to “slim” Swedish tariff structure, to now encompass a much larger and broader range of completely duty-free goods, while keeping tariffs on those goods which were deemed fiscally important. This seems to be very much in line with the British tariff structure that was in place during the same period.⁴⁴ A further tentative finding is that this trade liberalisation was deeply connected with Swedish trade growth during the Crimean War, an issue we intend to look deeper into.

⁴² Schön, L. (2010). *Sweden's Road to Modernity. An Economic History*. Stockholm: SNS. p. 80.

⁴³ Detailed data on customs revenue by commodity is available in *Underdåniga berättelser om Sveriges utrikes handel och sjöfart 1819-1857*; *Kommerskollegium - Utrikes handel och sjöfart 1858-1910* (BiSOS F).

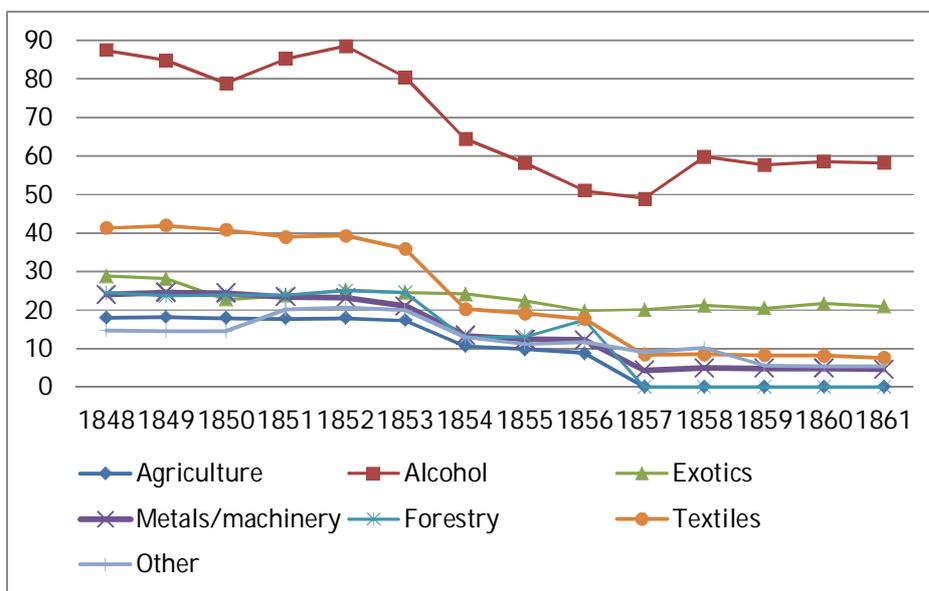
⁴⁴ Irwin, D. A. (1993). Free Trade and Protection in Nineteenth-Century Britain and France Revisited: A Comment on Nye. *The Journal of Economic History* 53, 146–152.

Figure 7. Average (Unweighted) Ad-valorem Import Tariff, 1848-1861



Sources: Tariffs: Svensk författningssamling, SFS, 1848, 1851, 1854, 1857, 1860. Prices: Adamson, Clark, Hansen, Jacobs & Richter, Jörberg.

Figure 8. Ad-valorem Import Tariffs by Commodity-group, 1848-1861



Sources: Tariffs: Svensk författningssamling, SFS, 1848, 1851, 1854, 1857, 1860. Prices: Adamson, Clark, Hansen, Jacobs & Richter, Jörberg.

The Tariffs – World War One

During WW I products from the forestry still dominated while iron and steel had lost shares of the export. In a way Sweden was far more dependent on continuous access to foreign markets since she depended economically on her foreign trade. In this respect the government had incentives to reduce trade barriers. But this time, the tariff policy took another direction. [Unfortunately, we still lack tariff data during the years 1906-1911. Probably we will find sources shortly, since during this period of time, tariff tables were printed and published for the public.] First of all, it seems that the tariffs on commodities from adjacent markets (such as grains, meats, butter, fish etc.) were set lower than on commodities from far away markets (such as peppers, vanilla, sugar). It is plausible to assume that when the war broke out, expensive and luxurious commodities were undesired with regard to the capital reserves and the balance of payments, while commodities like regular foodstuffs and consumers goods (textiles) were high in priority – especially with regard to risk of inflation. Interestingly, the tariffs on fertilisers, metals and chemicals (in that order) experienced the highest tariff increases during WW I. Even though the ambition of the paper is not to explain the intentions of the tariffs, it could be mentioned that metals belonged to one of the traditional industrial sectors in Sweden, which previously had obtained a privileged and protected position while fertilisers and chemicals to a large extent were imported from the South Americas (guano) and Germany. Fertilisers and chemicals did not belong to the largest commodity categories, but they were of high strategic importance to in particular the agricultural sector and the pharmaceutical sector. The disrupted trade, the demand from the armament industries in combination with the overall suspension of the gold standard in Europe, led to a strong inflationary pressure. According to Schön, the prices increased by a total of 300 per cent between 1910 and 1918, thus even before the blockade years.⁴⁵

Since some single commodities within these categories experienced strong price increases, this

⁴⁵ Schön, L. (2010). *Sweden's Road to Modernity. An Economic History*. Stockholm: SNS., p. 235.

is in all probability reflected in the commodity categories in the table. Such a measure was also in line with the increasing fiscal needs from sky rocketing government expenditures when the economy was centrally planned by an extensive administration.

Table 4. *Swedish import tariff indices 1906-1924 (1906=100).*

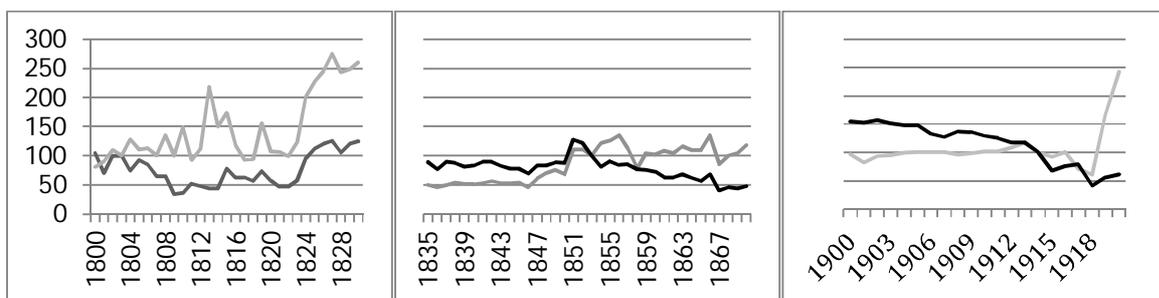
| | 1906 | 1917 | 1919 | 1924 |
|----------------------------------------------------|------|------|------|------|
| Foodstuffs | | | | |
| Long distance trade | 100 | 114 | 121 | 408 |
| Regionally | 100 | 84 | 65 | 84 |
| Fertilisers | 100 | 212 | 170 | 212 |
| Textiles and fabrics, wool, cotton | 100 | 80 | 95 | 104 |
| Metals | 100 | 168 | 144 | 150 |
| Forestry products | 100 | 63 | 74 | 94 |
| Machines (steam, sewing machines, precision tools) | 100 | 96 | 98 | 92 |
| Chemicals | 100 | 148 | 148 | 148 |
| Fuels | 100 | 100 | 100 | 100 |
| Average | 100 | 107 | 102 | 124 |

Sources: *Svensk författningssamling, SFS, 1906, 1917, 1919, 1924.*

Below, in figure 9 customs revenue is presented, and it appears during the Napoleonic Wars and the Crimean War, it was as fluctuating as was trade. During WW I customs revenue was rather

stable but in relation to imports, customs revenue declined. This thus confirms the general tariff increases during this war period. When international trade was resumed, the tariffs were maintained on higher rates than during the pre-war years, which is reflected in the right graph below. During the Napoleonic Wars customs revenue increased briefly when Swedish imports spiked to previously unrepresented levels. During the Crimean War customs revenue increased along with the increase in both imports and exports. It hence seems as if the tariff-cuts made during the 1850s did not decrease the revenue from tariffs, at least not in the short run. During the Napoleonic Wars and the Crimean Wars, the tax collected from foreign trade was considerable and in all probability they became a welcome contribution to the treasury. Between 1800 and 1812 customs revenue increased by 50 percent and between 1850 and 1855 by 68 percent. During the peak of the Napoleonic Wars customs revenue made up about 25 percent of total government revenue, while it was around 40 percent during the Crimean War.

Figure 9. *Indices of Swedish Customs Revenue during the Napoleonic Wars, the Crimean Wars, and WWI (1803=100). Black graph customs revenue relative to imports, grey graph represents customs revenue.*



Sources: Napoleonic: Häggqvist, forthcoming; Crimea and WWI: Sjötullen, Bokslutskontoret, National Archives.

VI Conclusions

The perhaps a bit modest purpose of this paper was to analyse if the choice of taking a neutral stand in major conflicts was accompanied by trade policy measures and if the war periods entailed Swedish trade growth. The development of the tariffs confirms that Sweden reduced trade barriers and that this coincided with trade growth either absolutely and/or relatively (in relation to Great Britain). The tariff policy during the Napoleonic Wars and WW I differed from that of the Crimean War. During the first war period the import-tariffs remained at rather high rates or were increased while the export-tariffs were modestly lowered, especially compared to what happened during the Crimean War, when tariffs were dramatically reduced and several import commodities became duty-free and most tariffs that were kept were probably done so for fiscal reasons. Trade policy during the Napoleonic Wars had the characteristics of mercantilism while the trade policies during the latter war had developed more liberal features.

During WW I the tariffs seem to have been more differentiated than during the Napoleonic Wars. At the present, it would be an educated guess that this was related to price movements of specific commodities, in order to avoid inflationary pressure. More data need to be collected and a deeper categorization of the commodities need to be done in order to really determine what role the tariffs played during these three periods of war and Swedish neutrality.

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