

A small nation in a global sea. Sweden's shipping industry and globalization in a long-term perspective, 1750-1980

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ABSTRACT: Maritime history is a history of globalization. The different stages of globalization after Columbus and Magellan are closely related to an expansion of maritime trade, in scope as well as in volume and value. This connection between maritime history and global history (understood here as the history of globalization) is present in much of the recent global history boom. But the connection, too often, is reduced to the role of great powers and their overseas empires. Maritime trade and shipping activities in the focus are those of Britain, France, the Dutch Republic, Spain, the United States and Germany. Such perspective neglects the actual global role of small maritime nations—nations without colonies or naval power—but endowed with maritime knowledge and competitive shipping. Nordic countries are a good example of such important minor maritime nations. This paper will look at the development of Sweden's shipping industry from 1750 to 1980 from a global perspective. It will enlighten how the shipping industry adapted to the conditions of global trade and the different stages of globalization, in the periods 1750-1820, 1820-1890, 1890-1980.

Introduction

Maritime history is a history of globalization. We, most often, understand globalization as a process of increasing interaction between nations, regions, and continents, and this interaction, at a very large extent, takes place at sea. It has not been so always. The role of the sea and of the maritime transport have varied over history. But from about 1500, from the time of Columbus and Magellan, the seas and oceans have been the main vehicles of globalization. The link between the history of globalization and maritime history is clearly visible in the bulk of recent literature written by global historians working on the post-1500 world. Much of it, indeed, is maritime history.¹

Consequently, different definitions of stages of globalization have been related to big, "revolutionary" changes in sea transport. The introduction of the long-distance sailing ship with guns onboard about 1500 had been perceived as a starting point of the European colonial expansion in the Americas and Asia. The American historians, Denis O Flynn and Arturo Giraldez, put origins of the first globalization to establishing of the Manila-Acapulco route about 1570.² Jeffrey Williamson and Kevin O'Rourke, in their debate with Flynn and Giraldez, pointed out the significance of 19th-century transport revolution, a shift from sail to steam and from wood to iron, and put the origins of the first globalization to decades after 1850.³ The rise of the world trade was made possible more by the decline of freight rates, an effect of steam and iron-build tonnage, than by industrial revolution. Other historians stressed out the growth in shipping productivity since the early modern time, to explain the long-term rise of Atlantic and global trade.⁴ The most recent stage of globalization after 1950 is also connected to at least two transport revolutions: that in tanker shipping, and that in container shipping. Without global trade in oil that provided the western world with a cheap and easily available source of energy after 1945 the modern economies would look very differently.⁵ In the recent fifty years container shipping

¹ Amélia Polónia (ed.), *Maritime history as global history*, International Maritime Economic History Association, St. John's, Nfld., 2010; C. A. Bayly, *The birth of the modern world, 1780-1914: global connections and comparisons*, Oxford, 2004; Robert Marks, *The origins of the modern world: a global and ecological narrative from the fifteenth to the twenty-first century*, 2. ed., Rowman & Littlefield, Lanham, Md., 2007; Jürgen Osterhammel & Niels P. Petersson, *Globalization: a short history*, Princeton University Press, Princeton, N.J., 2005; Kevin H. O'Rourke & Jeffrey G. Williamson, *Globalization and history: the evolution of a 19th-century Atlantic economy*, MIT Press, Cambridge, Mass., 1999.

² Dennis O. Flynn and Arturo Giraldez, 'Path dependence, time lags and the birth of globalisation: A critique of O'Rourke and Williamson', *European Review of Economic History*, 2004/8, 81-108.

³ Kevin H. O'Rourke & Jeffrey G. Williamson, 'When did globalisation begin?', *European Review of Economic History*, 2002, 23-50; Kevin H. O'Rourke & Jeffrey G. Williamson, 'After Columbus: Explaining Europe's Overseas Trade Boom, 1500-1800', *The Journal Economic History*, vol 62, No 2, June 2002, 417-456; Kevin H. O'Rourke & Jeffrey G. Williamson, 'Once more: When did globalisation begin?', *European Review of Economic History*, 2004/8, 109-117.

⁴ Richard W Unger, 'Shipping and Western European Economic Growth in the Late Renaissance: Potential Connections', *International Journal of Maritime History*, 2006 December, no 2, vol xviii, pp85-104, Richard W. Unger (ed.), *Shipping and economic growth 1350-1850*, Leiden, 2011.

⁵ Yrjö Kaukiainen, 'The role of shipping in the 'second stage of globalisation'', *International Journal of Maritime History* 2014, Vol. 26(1) 64–81. And literature there.

revolution changed completely conditions of production and consumption in the world, connecting East Asian economies with Europe and North America. Also this shift was more about a decline in transport costs, expansion of container capacity and its logistics than a technological revolution.⁶ Today, over 90 percent of world trade is carried by sea.

Shipping is—so far—the most cost-efficient way to transport goods. But maritime transport has never been only about economics; about freight rates, prices and profits. Focus on the economics of maritime trade makes us less attentive to the fact that the maritime trade is carried in a very different kind of institutional environment than land-based trade. Shipping is carried out in the free sea, a space without national borders to cross, any additional duties to add, in space in which politics matters differently than within national territories or on borders between nations. When considering maritime trade and its role in present or past economies we often forget that it takes place in an institutional environment that is defined by international law, and by an order of international relations. Naval power does not always is an advantage in such an environment, and negotiations, broad compromises, and international agreements mean more than confrontation and military might. This is the reason why the international cooperation is so important at sea and why, I would argue, the IMO is the most successful member of the family of the UN organizations.

Some 70 percent of our planet still is international waters, “the commons” available to every nation with access to the sea. The right to use the sea for shipping and fishing is today a part of acknowledged international order. An international acknowledgment of the freedom of the sea is one of the keystones of the international law but the definition of international waters has always been, and still is, under contest. The struggles for the right to use international waters as “free sea” go back in history. The Dutch in the 16th century were the big advocates of the “free sea”, the legal argument was provided by Hugo Grotius (1609).

In due time, the international acknowledgment of the freedom of the sea was of great value for minor maritime nations that lacked resources to compete at sea with the Spanish, French or British. The freedom of the sea provided them with a legal and institutional environment to carry their trade and shipping on. Unsurprisingly then, minor maritime nations have been advocates of rights to free trade and shipping. Denmark, Norway, and Sweden are my closest examples, but also the Netherlands in the 18th century, or the US in the decades after the American Revolutionary Wars belong among maritime nations defending their rights at free sea. And being advocates of free trade. I am sure we could find more modern examples.

I believe the characteristics of the oceans as the international waters is a crucial explanation of the exceptional role of such states in maritime business. Greece, Norway, Denmark or Singapore operate exceptionally large share of the world tonnage in comparison to their economies, populations, or military might. According to the 2010 tonnage register, the US merchant marine accounted for 3.9 percent of the world, the same as that of Norway's.⁷ Neither Japan, Germany or South Korea, with their big shipping industries, command any

⁶ Marc Levinson, *The box: how the shipping container made the world smaller and the world economy bigger*, Princeton University Press, Princeton, 2006.

⁷ Jari Ojala & Stig Tenold, ‘Maritime trade and merchant shipping: The shipping/trade ratio since the 1870s, *International Journal of Maritime History* 2017, Vol. 29(4), 852.

sizeable naval power. Apparently, naval power or a big economy is not the same as thriving shipping industry. It has not been for most of the history.⁸

I argue that the minor maritime nations did play an exceptionally important role in the history of globalization because of their role in the maritime trade. And this is based primarily on the international status of the sea as 'the free sea'. In similarity with the present situation, they have been important agents of global maritime trade, but the fact is seldom acknowledged in the literature on globalization that focuses on colonial powers, big economies, or uses a regional approach, comparing regions and continents instead of nation states.

To provide you with an argument about the role of minor maritime nations and the connection to the international environment I will look at the role of Swedish shipping in the history of globalization since 1750. Why Sweden? Sweden is a minor maritime nation.. For a large part of its history, the state was kept together by sea lines of communication in the Baltic Sea, in a way reminding that of the old Oldenburg Danish monarchy. Modern Sweden was shaped by the end of the Napoleonic Wars, by the loss of Finland and Swedish Pomerania in present Germany. Sweden has always been a big free trader and an advocate of free trade. For much of the 20th century, Sweden belonged among big shipping nations, accounting more than 2 percent of the world's merchant tonnage, but it lost its position after 1980, in contrast to Denmark and Norway which shipping sectors successfully adapted to the latest stage of globalization.⁹ The decline of Swedish shipping after 1980 is, indeed, intriguing question but it will not be pointed here.

I divide the history of Swedish shipping since 1750 in three phases related for different stages of globalization: 1750-1820, 1820-1890, 1890-1980. I will stress here the role of domestic and international environments as key factors of the narrative.

Phase 1750-1820

Sweden's history as a European great power was over in 1721. The state lost the outdrawn Great Northern War against Russia. It lost rich and densely populated Baltic provinces. King Charles XII was killed, in 1718, and the absolute rule replaced by an oligarchic regime of the Swedish parliament. The Swedish ruling elites turned their ambitions from a territorial expansion in the east to development of industry and commerce. Sweden's economic future was in the west, across the sea in the Atlantic economy.

The new state policy was less expansionist in an old fashion way but it was mercantilist and protectionist. Production of big export products such as iron, steel, and copper, tar and pitch was promoted and the state was looking for markets to sell them. In agreement with the

⁸ I am aware of the British domination in shipping and shipbuilding in the 19th century when Britannia ruled the waves.

⁹ Stig Tenold, Martin Jes Iversen & Even Lange (eds.), *Global shipping in small nations: Nordic experiences after 1960*, Palgrave Macmillan, Houndmills, Basingstoke, 2012.

mercantilist policy, imports were regulated, taxed and if possible replaced by domestic production. For example, much endeavor was put into the development of the domestic textile industry, but not very successfully. One of the most important regulations regarding imports concerned salt. As Sweden lacked natural salt resources and the possibility to produce sea salt, the state launched trade policy to increase and secure imports of salt in own bottoms from Southern Europe.

The Swedish Navigation Act (*produktplakatet*) enacted in 1724 was the 18th-century most important maritime sector measure. It prohibited imports to Sweden on other vessels than that of Sweden and of producer countries. The measure targeted specifically the Dutch carrying of salt from Portugal and the Mediterranean. Dutch shipping to Sweden declined significantly and as there were very few Portuguese, or Spanish or French ships willing to sail to Sweden, the imports of salt to Sweden became more or less a Swedish monopoly.

The 18th-century rise of the Swedish shipping to Southern Europe was a new phenomenon, in comparison with the situation before 1724. Shipping expanded, in the number of vessels and tonnage, but most surprisingly in the scope of the business. And the shipping linked Sweden decisively to global maritime networks. The Navigation Act of 1724 was only a first step in the institutional revolution of Sweden's maritime venture in the century. To develop trade in Southern Europe Sweden needed to secure its shipping against the Barbary corsairs. Peace treaties with Alger, Tunis, Tripoli, and Morocco were signed in the years 1729-1763, following the path of the Dutch, French and British. In addition, a network of Swedish consuls spread all over the region, from Smyrna in the east to Lisbon in the west. Consuls were not only supposed helping Swedish merchants and shipmasters on the spot, they, too, reported to Sweden on market conditions, on duties, trade regulations, on the political situation that influenced shipping, et cetera.¹⁰

The role of the Navigation Act has been questioned already during the 18th century. It was criticized as a typical protectionist measure that advanced interests of the ship-owning elite in Stockholm but made goods more expensive for ordinary people (not least salt), and it entailed additional costs to Swedish exporters. But, there is little evidence that the Act had such negative impact. It seems also that after an initial push it lost its importance. There are other factors instead that may explain the continued expansion of Swedish shipping in the century.

The key to the success of Swedish shipping from about the mid-century was Sweden's neutrality. Sweden, in similarity to Denmark, Portugal, the Dutch Republic, and a few other maritime states was neutral in the outdrawn Anglo-French Wars. As the wars were ongoing with short breaks almost continuously from 1688 to 1815, neutrality provided these neutral merchant marines with significant competitive advantage. It is apparent that a combination

¹⁰ Leos Müller & Jari Ojala, 'Consular Services of the Nordic Countries during the Eighteenth and 19th Centuries: Did they really work?', Gordon Boyce & Richard Gorski (eds.), *Resources and Infrastructures in the Maritime Economy, 1500-2000*, Research in Maritime History No. 22, St. John's 2002, 23-41, Leos Müller, *Consuls, Corsairs, and Commerce. The Swedish Consular Service and Long-distance Shipping, 1720-1815*. Studia Historica Upsaliensia 213, Uppsala 2004. On Swedish relations with the Barbary state see, Joachim Östlund, *Saltets pris: svenska slavar i Nordafrika och handeln i Medelhavet 1650-1770*, Lund, 2014.

of peace treaties with the Barbary states and neutrality in Anglo-French Wars involved the high security of shipping under Swedish flags. Swedish ships paid lower insurance rates than their competitors and draw advantage of high wartime freight rates. Moreover, as seamen were not drawn into the navy, costs for crews were lower than in belligerent countries. Of course, crew costs were lower too because of in general lower wages in Sweden.

There is a visible shift in business logic from a merchant fleet carrying, in principle, Swedish exports and imports to a fleet doing business for foreigners-tramp shipping. Vessels, instead of unloading Swedish goods and loading salt, went from port to port looking for profitable cargoes. They stayed in Southern Europe for much longer periods than necessary for a turnaround voyage, often exceeding two winter seasons. Via their trade in the Mediterranean, Spain and Portugal Swedish ship-owners became involved too in shipping to the West Indies and North America. This trade is difficult to trace in Swedish official data, as the Swedish ships involved in it did not touch Swedish ports, but the shipping was undoubtedly profitable. Moreover, Sweden via the Swedish East India Company became involved in European trade with China. Also in the Asia trade, Sweden's neutrality was a big advantage when other East India Companies got involved in the Anglo-French Wars (1756-1763, 1778-1783, 1793-1800).

In due time, Sweden developed a cluster of ship-owning, shipbuilding, ship insurance and ship financing concentrated in Stockholm. The cluster was connected to Sweden's export industries as many of merchant firms involved in the iron production and other exports were too involved in shipping. But it is apparent that the sector was no longer only servicing Sweden's foreign trade. Shipping industry and foreign trade diverged. Looking at the location of registered tonnage, there was also a movement from Stockholm to provinces and other port towns. This reflects an abolishing of mercantilism for a less regulated trade from the 1760s, and dispersion of shipping activities all over Sweden. From the 1760s we can trace increasing shipping from Gothenburg, after 1766 from Finland, and in the 1780s and 90s from Swedish Pomerania.

After the American Revolutionary War (1778-1783) the total number of Swedish-registered ships in foreign trade was 1,224, with a tonnage of 170,000 tons (1787). Sweden was Europe's fifth shipping nation, behind Britain, France, the Netherlands, and Denmark, but before Bourbon Spain. When we compare the shipping capacity of belligerent nations (Britain, France, and Spain) with those sailing under neutral flags (Denmark, Sweden, Portugal, the Dutch Republic), the tonnage under neutral flags accounted for about a third of the total available tonnage. Undoubtedly this tonnage of minor maritime nations was crucial for functioning and expansion of the 18th-century global trade.

Swedish shipping continued to expand during the French Revolutionary Wars until 1806. But after 1806 the situation of European neutral nations became unsustainable and one after another succumbed to belligerents.¹¹

¹¹ Silvia Marzagalli & Leos Müller, "In apparent disagreement with all law of nations in the world": Negotiating neutrality for shipping and trade during the French Revolutionary and Napoleonic Wars', *International Journal of Maritime History*, No 1, February 2016, 108-117, an special issue on neutrality. See also Leos Müller, *Neutrality in world history. Themes in World History*. Routledge 2018 (forthcoming).

The 18th-century expansion of neutral shipping, in which Sweden and of course Denmark and the Dutch Republic, played key roles was related to the prevailing conditions of maritime warfare between great powers and their colonial empires. In such conditions the great powers were prepared to rely on neutral carrying, in spite of the fact that it often contradicted their own mercantilist policies. They acknowledged, with exception of Britain, neutral rights of free trade and shipping. The freedom of the sea and acknowledgement of maritime neutrality was a part of the 18th-century world order. In this way, small maritime nations facilitated global trade in a way far exceeding their military or economic power, their foreign trade or the size of their colonies. They filled a niche shaped by on the one hand an acknowledgement of the freedom of the sea, and on the other hand an ongoing competition between naval great powers.

Phase 1820-1890

The Congress of Vienna changed the situation. First, Britain's victory over Napoleon in 1815 established *Pax Britannica* over the world's oceans. Britain's naval power had not been challenged until the very end of the century, so, the 19th century was also unusually peaceful at sea. With peace there was no neutrality at sea, and the competitive advantage related to wartime conditions disappeared. What did decide was economics, and liberalization of the trade from the mid-century. Britain the most progressive maritime nation expanded tonnage went from sail to steam and built most of the world's transport capacity. And acknowledged the international status of high seas under its naval umbrella. Other maritime nations had to adopt to British dominance at sea.

In comparison with other maritime nations, Sweden adopted to new situation slowly, but it does not mean that Sweden was left behind. One sign of the decline of Sweden as a maritime nation was the reduced scope of shipping. Shipping to the Mediterranean more or less disappeared, as well as the trade to China and the Indian Ocean. The transatlantic shipping did not disappear, but it changed the character. Instead of cross trade between Southern Europe, the West Indies and North America, a direct trade was established between Sweden and the United States. It had to do with the fact that the US from 1820 became major buyer of Sweden's iron. Swedish vessels carried iron the United States, and often returned home via Brazil or Argentina with cargoes of coffee, sugar, hides et cetera. Nevertheless, the absolute majority of Swedish tonnage was employed in the Baltic and North Sea with destinations in Germany and Britain. By 1850, about 25 percent of Swedish tonnage was employed in the Baltic Sea and between 50 and 60 percent in the North Sea. A fifty year before almost a half of the tonnage was employed in Southern Europe. Swedish flag carried Swedish goods while tramp shipping more or less disappeared. Vessles were employed in transporting bulky imports (coal and coke) and exports (sawn goods, iron, pulp and paper). The share of Swedish vessels in the nation's foreign trade varied between 40 and 50 percent c 1876-1900, increasing first after 1900.¹²

¹² Martin Fritz, 'Shipping in Sweden, 1850–1913', *Scandinavian Economic History Review*, 28: 1980/2, 147-160.

This development starkly contrasts with that of Norway, with which Sweden was in union since the end of the French Wars. In the 19th century the Norwegian fleet expanded rapidly and the strategy was very much based on a tramp shipping. During the transition from sail to steam Norwegians acquired British sail tonnage and used it in tramp shipping business. This for example entailed that much of sawn goods from northern Sweden were carried by British and Norwegian ships.¹³

The late 19th century stage of globalization influenced Sweden strongly. The expansion of Swedish exports after 1850, especially in sawn goods, paper, iron, ore, even oats, was undoubtedly linked to the well-known global decline in freight rates.¹⁴ In this way the 19th-century transport revolution was a precondition of Sweden's participation in globalization and an explanation of the nation's spectacular economic growth after 1850. But the same transport revolution was barely visible in Sweden's maritime sector.¹⁵ In 1870, Sweden backed to 10th place as the world shipping nation.¹⁶ By then, Norway's shipping capacity was almost three times bigger than Sweden's. The nation was also very slow in adapting steam in its shipping and traditional wood-based shipbuilding in northern Sweden (around the Bothnia Gulf) declined substantially.¹⁷ As late as 1892 almost 70 percent of Swedish tonnage still was in sail. First in 1899, steam took over sail tonnage.¹⁸ By 1890 there was little to indicate Sweden had a future as a shipping nation.

Phase 1890-1980

The third phase of Sweden's development as a shipping nation began in the 1890s and could be related to three interlinked factors. First, the introduction of liner conference system from the 1870s opened a possibility for Swedish export industry to establish its own protected liner shipping services, which happened about 1900. It was a phase of managerial or organized capitalism that fitted better with the management of big Swedish enterprises and increasing role of the state. Swedish participation in the liner conference system was based on the needs of the domestic export industries, and too Swedish imports. The liner companies carried iron ore, iron products, paper, pulp and new engineering products such as Ericssons telephones, ASEA electricity recouplements, et cetera. They acquired purpose-build tonnage for iron ore, paper and so on. They were servicing Sweden's exports. The scope of trade extended from Europe to a global scale.

¹³ L. R. Fischer and H. W. Nordvik, 'Maritime Transport and the Interaction of the North Atlantic Economy, 1850-1914', In W. Fischer et al. (eds.), *The Emergence of a World Economy 1500-1914*. Wiesbaden 1986.; L. R. Fischer and H. W. Nordvik, 'Myth and Reality in Baltic Shipping: the Wood Trade to Britain, 1863-1908', *Scandinavian Journal of History* vol, 12, 1987, 99-116.

¹⁴ Saif I. Mohammed & Jeffrey G. Williamson. 'Freight Rates And Productivity Gains In British Tramp Shipping 1869-1950', *Explorations in Economic History*, 2004, (2, Apr), 172-203.

¹⁵ On the unsatisfactory state of the nation's shipping industry between 1850 and 1900, see *Handels- och sjöfartskomiteen VI*. Stockholm 1900.

¹⁶ Yrjö Kaukiainen, *History of Finnish Shipping*. London and New York 1993, 89.

¹⁷ Simon Ekström, Leos Müller & Tomas Nilson (eds.), *Sjövägen till Sverige. Från 1500-talet till idag*, Malmö: Universus Academic Press, 2016.

¹⁸ Kaukiainen, *History of Finnish Shipping*, 100; Berit Larsson, *Svenska varor på svenska kölar. Staten, industrialiseringen och linjesjöfartens framväxt i Sverige 1890-1925*, Göteborg 2000, 24-26.

The link to the Sweden's strong export industry also entailed the liner shipping could use financial resources in Stockholm and Göteborg. This was the second factor that clearly differentiated the liner shipping boom after 1900 from the Swedish shipping in the 18th and 19th centuries, which was decentralized, based on small family firms (partrederier), low-tech, and requiring limited financial resources. By 1850 only 25 percent of Sweden- tonnage was registered in Stockholm and Göteborg. Fifty years later a half of the tonnage was registered in the two cities. Moreover, almost all modern and big vessels (over 2,000 tons) were registered there.¹⁹

The Swedish liner shipping sector rose around two entrepreneurial clusters: Stockholm and Göteborg. Axel Johnson's shipping company in Stockholm, Nordstjernan, was founded in 1890 and in 1904 it entered the liner shipping across the Atlantic, the so-called La Plata Line. The steam tonnage was replaced by modern ships with diesel engines and the shipping company expanded in interwar and postwar period.²⁰ Axel Broström in Göteborg founded the biggest shipping cluster in Göteborg. His company acquired a number of steam vessels in the 1880s and 90s, carrying mainly coal and iron ore. But after 1900 Broström followed the same strategy as Johnson. In 1907, he founded Ostasiat, a liner company on the line to East ASIA (China and Japan). Levant Liner Co and two America Line companies were founded soon after. The Broström-family sphere expanded into shipbuilding, too, controlling for decades two Göteborg shipyards. The third cluster rose from the shipping company Transatlantic founded in 1904 in Gtbrg. It serviced the line to South Africa and later on to Australia and India, once again carrying big Swedish exports such as paper.

The third factor that strengthened Sweden's position as a shipping nation after 1900 was Sweden's international position and neutrality in WWI and WWII. Trade under neutral flags survived and Sweden took advantage of high freight rates on international markets. The same advantage did play role during the WWII and after it. Thus, tonnage under Swedish flag expanded in a period when many other shipping nations stagnated and backed.²¹

In similarity with the situation in the 18th century, initially, the 20th-century expansion of Swedish shipping was strongly linked to foreign trade's transport demand and a domestic protectionist policy. But in due time as the international situation changed, Swedish maritime sector could draw on advantage of the nation's neutrality, non-involvement, and distance to conflict areas. And consequently the maritime sector diverged from foreign trade demand and became partly independent from Sweden's industry. Once again Swedish ships engaged in cross trades. This development was fulfilled in the 1950s and 60s, with the expansion of oil transport, much of it had a character of cross trade. Between 1950 and 1975 Sweden's registered tonnage expanded from 1.6 million to 8 million DWT, much of it ocean-going tonnage, almost a half of it (3.5 million DWT), was in tanker tonnage.²²

¹⁹ Fritz, 'Shipping in Sweden, 1850–1913', 154-155.

²⁰ Martin Fritz & Kent Olsson, 'Twentieth-Century Shipping Strategies: Broström and Transatlantic, Gothenburg's Leading Shipping Companies', *Research in Maritime History*, no. 6, 1994, 91-109; Jan Kuuse & Kent Olsson, *Sjöfart och sjoforsakring under 125*. Göteborg 1997.

²¹ Larsson, *Svenska varor på svenska kölar*, 23 .

²² Hans Sjögren, 'Stockholms sjöfart i omvandling', *Tillväxt & tradition : perspektiv på Stockholms moderna ekonomiska historia*, 2008, 218.

By the mid 1970s Sweden's shipping industry looked very different in comparison with the first decade of the century. There were two tonnage segments active on international markets and only loosely related to Sweden's foreign traded demand: dry bulk and tanker. While dry bulk tonnage stayed profitable until the early 1980s, tanker tonnage was impossible to employ profitable after the first OPEC crisis. The dry bulk and tanker tonnages were managed mainly from Stockholm, where Saléninvest became the biggest shipping company. Due a combination of company strategy and Swedish policy the crises of this tonnage segment deepened as the company was engaged in attempts to protect Swedish shipbuilding. In 1984, Saléninvest went bankrupt, Sweden's biggest bankruptcy in modern time.²³ Between 1976 and 1986 most of Sweden's tanker tonnage was sold but it did not save the profitability of the business and the segment, more or less disappeared.

The liner shipping, the second segment of the shipping industry by 1970s, was still strongly linked to export and import business. The major cluster here was in Göteborg and the business adopted fairly successfully to shift toward containerization. For example, Boström's company Ostasiat introduced its first container ship in 1972 (Nihon). The technological shift demanded new resources in logistics and tonnage and Swedish liner companies had to collaborate with foreign shipping companies. Ostasiat was a good example of the strategy. Nevertheless, a consequence of the development was a slow drift of the shipping business abroad, to Denmark or Norway.²⁴ Moreover, as the different branches of conglomerates were involved in different shipping segments none could completely avoid the effects of globalization and Asian competition. In similarity with Salén family, Boström was involved in shipbuilding business and did not avoid its crisis in the 1970s and 80s. After 1980, the Swedish shipping industry more or less disappeared.

But the decline of the industry does not need to be understood as a failure. In fact, the family businesses diverged and transformed. The Johnson sphere is the best example of this. Swedish tonnage was sold in the 1980s and 90s, often with good profit, and know-how transformed into other sectors, such as retail trade, housing, and finances. The decline of Sweden's maritime sector and Sweden's role as a shipping nation often has been understood as a national failure. The business blamed politicians and politicians blamed the business. But in fact, Sweden's economy adopted very well globalization and undoubtedly benefited from the most recent stage of globalization.

Concluding remarks

Looking at the development of Swedish shipping industry over three hundred years we may distinguish two outdrawn phases of rise and expansion, in the 18th and 20th centuries, and a phase of relative decline of the sector in the 19th century. The decline in the 19th century, an age of industrial revolution and an age of globalization, was indeed 'relative'. Shipping sector continued to rise but at a slow pace; it backed in comparison with other shipping

²³ Hans Sjögren, *Spelet i Saléninvest: staten, bankerna, ägarna och ledningen 1973-97*, Stockholm, 1999.

²⁴ René Taudal Poulsen, 'Liner Shipping and Technological Innovation: Ostasiat and the Container Revolution, 1963–75', *Scandinavian Economic History Review*, vol. 55 2007/2, 83-100.

nations, such as Britain, Norway, or even Finland. As, from about 1860, Sweden's economy was one of the world's fastest growing, it became more profitable to invest in Swedish industries and foreign trade instead of shipping.

What does characterize the expansion phases of shipping in the 18th and 20th centuries is the state's policy: mercantilism in the 18th century, and protectionism and regulated capitalism after 1900. Initially, the shipping industry was promoted to provide transport means for Sweden's exports and imports. This explains the strange logic of the 18th-century Swedish shipping to southern Europe that consisted of low-value imports (salt) and exports (iron, sawn goods), yet demanded a big share of Swedish carrying capacity. Liner shipping after 1900 was, in principle, developed as a transport means of the Swedish export industry.

However, in both stages, the international situation provided Swedish ship-owners also with profitable niches of tramp shipping. In the 18th century, the precondition was the Anglo-French wars at sea. Sweden stayed neutral and could combine wartime high freight rates with Swedish low wages and insurance costs. In due time, the shipping sector became more and more separated from the domestic economy, from the transport demands of foreign trade. In about 1770-1810 the Swedish vessels, along with Danish, the Dutch and those of the US, carried global trade instead of fighting along the great powers.

The situation after 1900 was also characterized by an international vulnerability, WWI and WWII and the Cold War, and the inter-war protectionism. After the WWII, with a rising demand for oil and dry bulk transports, Swedish shipping industry entered a new phase of expansion in tramp shipping and it diverged from the domestic transport demand. This second era of tramp shipping ended with the outdrawn crisis in the 1970s and 80s.