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Swedish Shipping in Southern Europe and Peace Treaties with North African States: An Economic Security Perspective

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Abstract: *»Die schwedische Schifffahrt in Südeuropa und die Friedensverträge mit den nordafrikanischen Staaten. Eine Betrachtung aus der Perspektive ökonomischer Sicherheit«*. In the late eighteenth century, Swedish ships frequently sailed in the Western Mediterranean. They could be found in Marseilles, Livorno, Genoa, Alicante, Sicily, Sardinia, and North Africa, as well as in Cadiz and Lisbon outside the Mediterranean. Indeed, the Mediterranean was an area of great importance for Swedish shipping. How was it possible that Sweden – a small country in northern periphery of Europe – could play such a prominent role in carrying trade in Southern Europe? There are a number of plausible explanations but an especially significant factor was the fact that Sweden had peace treaties with North African states. The treaties improved the security of Swedish-flagged vessels, reducing their protection and operation costs, insurance premiums, etc. It was economically reasonable for foreigners to employ Swedish carriers.

The topic of this essay is this connection between the establishment of peace relations between Sweden and North African states and the success of the Swedish carrying business in Southern Europe. The issue is approached from the protection-cost perspective (institutional economics) and related to the different concepts of security: state security, economic security and in a certain sense also human security.

Keywords: Swedish Long-Distance Trade, Swedish Shipping Business, Swedish Consular Service, Swedish Convoy Office, Barbary-States, Protection-Costs.

Introduction

According to a French report from the mid-eighteenth century, the Swedish merchant marine was the fifth in Europe, behind that of Britain, France, the Dutch Republic and Denmark, but ahead of Spain and the Two Sicilies.[1] Sweden was indeed an important maritime state, with a large carrying trade in Southern Europe. At the same time, by conventional economic standards, it

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[1] Romano 1962.

was underdeveloped country. The urbanization rate, a good indicator of Early Modern level of development, was extremely low in Sweden.[2] What were the causes of the discrepancy between the large merchant fleet and the relative backwardness of the state's economy? To understand this we have to look closer at origins of Swedish trade and shipping in Southern Europe.

The original commercial interest of Sweden in Southern Europe was not shipping business: it was Portuguese salt. Carried by the Dutch, the salt from Setubal had already become the preferred salt quality in Sweden by the first half of the seventeenth century, and because the salt was a strategically important commodity the connection with Southern European salt sources became strategically significant. Sweden's trade policy in the seventeenth and eighteenth centuries paid much attention to the issue of salt supplies.[3]

In the first half of the seventeenth century Sweden's foreign trade was dependent on the Dutch carrying capacity. After 1650 Sweden entered a new mercantilist policy aiming to reduce the kingdom's dependency on the Dutch, and a part of the policy involved building up its own merchant marine for trade with Southern Europe. This policy was successful. In the 1670s and 1680s Swedish trade with Southern Europe already became a well-established trade, concerning a large number of ships. Swedish vessels sailed to Portugal in convoys loaded with bar iron, tar and pitch, and weapons, and retuned with cargoes of salt. About twenty vessels annually sailed to Portugal by the late century.[4] When the prices of the Portuguese salt increased dramatically, in the early 1690s, the Swedish skippers went into the Mediterranean to find new cheaper sources of salt. This move opened the way for direct Swedish trade within the Mediterranean basin.

However, shipping in Southern Europe was a risky business. Vessels were under threat from corsairs from North Africa, cargoes and vessels could be sold and sailors put into captivity. This even applied to Swedish vessels and Swedish sailors. The *guerre de course*, corsair war, went on for centuries – an expression of the struggle between Muslims and Christians.[5]

Barbary corsairs had often been characterized as pirates – both by contemporaries and in the historical literature. Such a description is not correct. The corsairs acted with the permission of their rulers in Tunis, Tripoli, Algiers and Morocco. A more proper way to characterize them is as privateers. However, the situation was even more complicated because Tunis, Tripoli and Algiers

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[2] For a comparative view of Scandinavia in Europe see e.g. van Zanden 2001, 70-80. Stockholm, by far Sweden's largest city, had about 60,000 inhabitants. Gothenburg and Karlskrona, the second and third cities, had only about 10,000 inhabitants by the late eighteenth century.

[3] Carlén 1994; Carlén 1997.

[4] Müller 2004, 51.

[5] For details see Magnus Ressel's contribution in this volume.

were not independent states but vassals under formal Ottoman rule. In spite of this, they carried out their own "foreign policy". Indeed, the *guerre de course* was an important argument for the legitimacy, and semi-independence, of the local rulers.[6] The only truly independent state in North Africa was Morocco.

The warfare did not only concern shipping. Barbary corsairs were raiding coastal areas of Spain and Portugal and the Canary and Balearic Islands. The numbers of Christian Europeans who were enslaved were substantial. In Algiers there were about 740,000-760,000 slaves between 1520 and 1830. In total there were more than a million European slaves in North Africa.[7] The majority were Spanish and Italian, but among the slaves there were also sailors from Northern Europe, including Swedes and Danes.

The European powers met the corsair challenge by naval force or by convoying of their shipping. But none of these strategies was efficient. The solution preferred by the North European states was instead peace treaties with the North African states and payment of tribute or ransom for leaving the nation's merchant marine in peace. This system was fully developed by the seventeenth century. In Sweden the idea of establishing peace treaties with the North African states had already appeared in the 1660s, but nothing happened then.[8]

The Shipping Policy Package: The Swedish Navigation Act and Peace Treaties

During the Great Northern War 1700-1721, the Swedish shipping activities in Southern Europe declined. Especially during the Danish involvement in the war, between 1709 and 1720, the Swedes were excluded from the long-distance carrying trade. Exports and imports were once again carried by the Dutch. The peace with Russia in 1721 ended the war. After that the dependency on Dutch shipping was heavily criticized and in the coming years Sweden launched an ambitious shipping policy.

The policy package consisted of three parts. In 1724 Sweden enacted *Produktplakatet*, the Swedish Navigation Act, which prohibited imports to Sweden on other ships than those of Sweden or the cargo-producing country.[9] The Act was inspired by the English Navigation Acts. It was a result of the political discussion about the condition of Sweden's foreign trade after 1721. The balance of trade was negative and the Dutch were accused of causing this by high carrying costs. Moreover, dependency on a foreign carrying capacity made Sweden vulnerable, which was an especially sensitive issue as regards salt

[6] Windler 2000, 172.
[7] Harrison 2007, 413.
[8] Ekegård 1924, 78.
[9] Müller 2004, 61-65; see also Heckscher 1922; and Heckscher 1940.

supplies. Salt, together with Baltic grain, was the most capacity-demanding import. Thus the primary aims of the new shipping policy were securing imports of salt from Southern Europe and reducing the role of Dutch shipping in the import trade. In the long term the purpose was the strengthening of exchange with Southern Europe, not only the imports of the strategically important salt but also the encouragement of exports of Swedish export produce – bar-iron, tar, pitch, and sawn goods.

The Swedish Navigation Act appeared to fulfill these aims well. In the years immediately following 1724 the number of ships under the Swedish flag passing the Danish Sound – the best indicator of Swedish shipping activities – increased rapidly. The Dutch shipping to Sweden collapsed. There were in the Sound over a hundred Dutch ships coming from Swedish ports by 1720. In 1725 and 1726 their numbers collapsed to six and three respectively.[10] The number of registered ships in Sweden increased from 230 in 1723 to 480 in 1726.[11]

Thus, in the short term, the Swedish Navigation Act was a big success. Yet it is difficult to evaluate the effect in the long term. There was in eighteenth-century Sweden a drawn-out discussion about the benefits and costs of the Navigation Act. A large number of political actors argued that it actually made the Swedish carrying trade more expensive, and so increased the prices of imports in Sweden – primarily salt – and made exports less profitable.[12]

The second part of the institutional package relating to the shipping policy of the 1720s was the peace treaties with North Africa and the innovation of Sweden's convoy system. Increasing shipping under the Swedish flag to Southern Europe naturally entailed problems with Barbary corsairs. The Swedish policy-makers were well aware of it and in parallel with the work on the Navigation Act they reformed Sweden's convoy system. A new Convoy Office (*Konvojkommissariatet*) was established in 1724, with its seat at Gothenburg on Sweden's west coast. [13] This office was responsible for the organization of convoying, a practice that the Swedish merchant marine had used since the 1690s.

But convoying was not the only duty of the new office. In addition, the office was dealing with all the problems raised by Barbary corsairs. Thus it handled the payments of ransom and release of Swedish sailors from North Africa. It soon dealt also with negotiations with the North African rulers, the exchange of gifts between Sweden and these states, and the keeping of consular representation on the spot. To fund the Office a new duty, the so-called *extra licenten*,

[10] Bang and Korst 1930-1953, 60-67.
[11] Müller 2004, 142, table 5.5.
[12] For the discussion see Carlén 1997.
[13] Müller 2004, 65-66.

was introduced in 1723, and collected by the Convoy Fund (*Konvojkassan*).[14] It is important to point out that this Swedish system differed from that of Denmark, even if the basic precondition of peace with the North African states was the same. The duty, *extra licenten*, was imposed on all Swedish exports and imports, which was perceived unfair by merchants and ship-owners who had no use of convoying (trade in the Baltic and North Seas). Moreover, the funding by *extra licenten* was never sufficient and the annual costs of the Convoy Office became a burden of the state.[15] Consequently, the system continued to be controversial during the remaining part of the century – in similarity with the Navigation Act. However, in spite of the broad criticism, and a short break (1790-1797), it survived until 1867.

Instead of expensive convoying of Swedish merchantmen in Southern Europe and paying ransom for captives, the Swedish authorities aimed to establish peaceful relations with the Barbary corsairs. Three years after the Swedish Navigation Act, in 1727, the steps were already being taken to sign a peace treaty with Algiers. This was actually a consequence of the Dutch treaty with Algiers of 1726. Before 1726, Swedish and Dutch ships went in the same convoys, protecting each other. The Dutch treaty of 1726, however, exclusively concerned the Dutch ships, which left the Swedes out in trouble.

The Swedes empowered George Logie, a Scottish merchant with long experience of North Africa, to negotiate the treaty, in which he soon succeeded. The treaty between Sweden and Algiers was signed in April 1729 by Jean von Utfall, the Swedish representative, and the Algiers Dey. A part of the agreement was the exchange of gifts, or perhaps more exactly Sweden's tributes to Algiers. Sweden sent to Algiers two vessels loaded with 40 guns, 800 sabres, 1,600 cannon balls, masts, anchors, with a total value of 21,000 rix-dollars – a very substantial sum. The Algiers Dey expressed his satisfaction and reciprocated with a liberated captive, two lions and a couple of other wild animals. First, the exchange confirms the picture of small European powers supplying the Barbary fleets with naval necessities and weapons: items that could and were used in the *guerre de course* against other European powers. Second, the characteristics of the exchange even had a highly symbolic meaning, stressing the superiority of a Muslim ruler over a Christian power.[16]

Another part of the agreement was the establishment of Swedish consular representation in Algiers, in accordance with the traditional Mediterranean consular system.[17] The first Swedish consul appointed to Algiers was George Logie. The consuls in North Africa were supposed to mediate between the Algiers Dey and Sweden, so the consuls had an important diplomatic function.

[14] Müller 2004, 68-69, Åmark 1961, 762-775.
[15] Åmark 1961, 755.
[16] Windler 2000.
[17] Steensgaard 1967, 13-55.

This was a significant difference in comparison with consular representations in European states. In France, Britain, the Dutch Republic, Russia and other members of the European state system, even including the Ottoman Empire, there was a clear distinction between the diplomatic representation, the embassy at the capital, and consular representation with consulates situated at major ports. The consuls dealt with the promotion of commerce between their home and host countries and with the collection of commercially useful information. The semi-diplomatic role of consuls in North Africa reveals the fact that Algiers and other Barbary states were not seen as members of the European state system. The commercial exchange between Sweden and North Africa was very limited, in spite of the high-flying plans launched during the negotiations. In 1738, nine years after the signing of the treaty, George Logie described the state of Sweden's trade with Algiers in these words:

> I find not that Algier can be otherways beneficiall to Sweden than that by having peace with them it gives free liberty to our Ships to go safely on the coasts of Spain and Portugalland to all ports of the Mediterranean with our own Cargoes and have the benefit of being employed and freighted by other Merchants with the same safety that they can ships of other nations and now I am on this subject I must begg leave to acquaint and inform your Lordships that I find no other method or possibility of keeping a firm and secure peace with the kingdom of Algier than now and then that is once in two or three years to give some handsome presents to the Dey and Leading men of the Gouvernment to keep them steadfast in our friendship which is what is practiced by the French by the Hollanders and all other nations in peace with them.… [18]

The treaty between Sweden and Algiers also included an article on the introduction of Algerian passports. Accordingly, all vessels under the Swedish flag sailing beyond Cape Finisterre in Spain were obliged to keep a special passport issued by Sweden's Board of Trade. The passport confirmed for an inspecting corsair crew that the ship under the Swedish flag was indeed from Sweden, had a Swedish crew, captain and ship-owner. Without such a passport the ship and its crew could be taken as captives.[19]

In similarity with other parts of the treaty, the introduction of Swedish Algerian passports copied a model established by other North European powers. The issuing of Algerian passports by the Board of Trade was a regulated and controlled activity because abuse of passports would put in danger the whole of Sweden's shipping business in Southern Europe. Articles regarding the Algerian passport issued by the Swedish King on 12 January 1730 indicate how seriously this issue was treated.[20] The strict procedure and control of the issuing

[18] Riksarkivet Stockholm, Kommerskollegium Huvudarkiv, Skrivelser från konsuler, Liverpool Livorno 1725-1822, EVIaa: 229, George Logie to the Board of Trade, Leghorn/Livorno 2/13 Oktober 1738.
[19] Müller 2004, 144-147.
[20] Modée 1740, 803-807: Den 12 Jan. 1730 Reglemente om Algeriske Siöpass.

procedure also means that the surviving registers of passports contain reliable data on Swedish shipping beyond Cape Finisterre. The registers will be employed here for the mapping of Swedish shipping activities in Southern Europe.

In 1736 George Logie left Algiers for Tunis to negotiate a peace treaty with another Barbary state. This treaty was signed in December 1736 and the text closely followed that of Algiers. Yet the gifts were not as expensive as in the Algiers case. The first Swedish consul arrived in 1738.[21] The treaty with the third North African state, Tripoli, was signed in 1741, also negotiated by George Logie. It took another twenty years before the fourth treaty, the treaty with Morocco, was signed. The negotiations were opened in 1761 and the treaty signed in 1763. The Swedish negotiator, Peter Kristian Wulf, became the first Swedish consul in Morocco, seated at Salé. Morocco was the strongest and only truly independent North African state.

The third part of the institutional package to promote Swedish shipping was the expansion of the consular system in the Mediterranean and on the Atlantic coast of Europe. Between 1700 and 1750 about twenty new consulates were established in the area – from Smyrna in the Levant to Rouen in France.[22] Remarkably, no consulates were established in Northern Europe – with the exception of the consulate in London. Sweden's trade in Northern Europe was based on other, more traditional trade patterns than the trade in Southern Europe, a new area for the Swedes.

The shipping policy package that the Swedish authorities launched in the 1720s also combined a number of aims. It was supposed to replace foreign – read Dutch – carrying capacity in Sweden's trade. It was supposed to secure sufficient supplies of salt for Sweden and open new trading opportunities for Swedish exports in Southern Europe. Another less apparent intent of the policy was the building-up of a strong Swedish merchant marine and an experienced marine labor that in the case of war could be recruited to the navy. This aspect did not receive much attention in the remaining part of the century, in spite of the fact that this was also common to the English and Swedish Navigation Acts. Finally, it was supposed to make Swedish shipping in Southern Europe safer, reducing risks and protection costs for the Swedish actors. This, most probably, was a very important aspect of the Swedish shipping boom in the second part of the century, a boom which has nothing to do with the Navigation Act of 1724.

Swedish authorities appear to have chosen a different solution to security problems in North Africa in comparison with the Dutch, Danes and the Hanseatic cities studied in Magnus Ressel's article here. From about 1730 the Swedes, instead of paying ransom for individual seamen, formed a semi-diplomatic relation with the North African states, paying gift-tributes and with

[21] Müller 2004, 127.
[22] Müller 2004, 42, table 2.1.

consular representation in the area. The system was connected to the Convoy Office. It was a public solution ideally financed by the special duty on trade. But the duty had never been sufficient to pay the system and the state was repeatedly forced to cover the missing sums. As the major benefactors of the system were a few merchants and ship-owners engaged in trade in Southern Europe, often members of Stockholm's mercantile elite, the system was criticized as a exploitation of public means by private interest. Such a criticism was a typical feature of the political struggles in eighteenth-century Sweden. Indeed, exactly the same argument was used against the Navigation Act.

The Costs of the Convoy Office and Shipping Activities

From the accounts of the Convoy Office, we have a detailed picture of the public costs of the peace treaties with the North African states. The figures as such say a lot. In addition to these transparent public costs there were other large, less visible costs, for example in insurance premiums, relative wages of sailors, freight rates and others. No comparison of the costs and benefits of the system is possible because we have very scattered data on the profitability of the shipping in Southern Europe. Thus the figures may be used to illustrate tendencies and sudden changes in the cost structure.

Looking at the long term development of the costs of the Convoy Office, we can notice a slow increase until the 1760s. The annual expenditures oscillate between 50,000 and 100,000 dollar silver money until the 1750s. Then they increase rapidly in the 1760s. The large expenditures during the 1760s related to the peace treaty with Morocco, which was unusually expensive. Some annual expenditures are extremely large, far exceeding the average. This seems to be related to extraordinary outlays: special gifts related to political changes in the principalities, newly appointed consuls, and similar. Such appointments were often connected with additional tributes. The increases are related to new treaties signed. The graph for the period 1777-1796 (in new rix-dollars) indicates a stable level of expenditure. This was the period of boom in Swedish shipping to Southern Europe.

Figure 1: The Costs of the Swedish Convoy Office 1726-1796
(1726-1776 Dollars Silver Money)

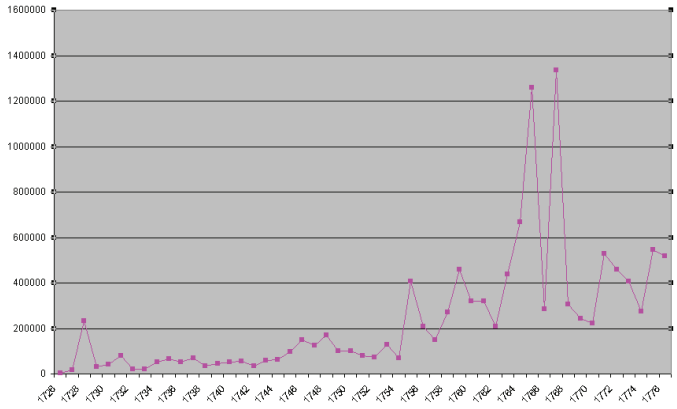
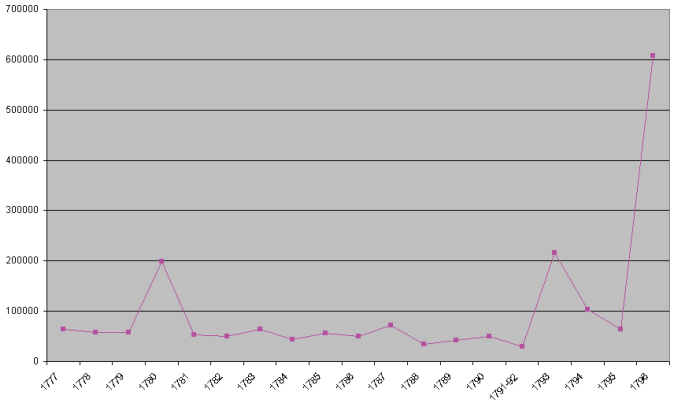


Figure 1 (Cont.): (1777-1796 new rix-dollars).



Source: Karl Åmark, *Sveriges statsfinanser, 1719-1809* (Stockholm, 1961), 762-775.
Note: In 1777 Sweden introduced a new monetary system that makes it difficult to compare data from the periods.

It is interesting to compare the development of the Office outlays with the data of shipping activities based on Algerian passport registers. As pointed out above, the registers provide a reliable data set for the long-term development of Swedish shipping in Southern Europe.[23] The registers cover the period between 1739 and 1831 and they include information about 30,000 passports, represent-

[23] Müller 2004, 144-149.

ing on average about 300 voyages per annum destined south of Cape Finisterre. However, when we look closely at the data, it is apparent that until 1760 the annual number of ships never exceeded 200. The level of shipping activities was quite stable at about 150 voyages per annum, with a noticeable increase during the Seven Years' War. This indicates that the shipping policy package introduced in the 1720s and 1730s did not actually have any significant effect. It seems to strengthen the argument of critics of mercantilist policy: that the policy was costly but did not promote shipping very much.

The situation changed in the 1770s. The number of ships annually sailing beyond Cape Finisterre rapidly increased. First, between 1770 and 1778 the number of passports issued rose from 198 to 287, almost by 50 percent. Another jump came between 1778 and 1782, when the passports issued reached 441, another increase by 50 percent in only five years. The expansion was directly related to the American War of Independence. The war entailed a demand for neutral carrying capacity and Sweden, which stayed out of the war, could provide such a capacity. The situation became even more beneficial in 1780 when Russia, Denmark and Sweden created the League of Armed Neutrality. The British, who did not respect Sweden's neutral flag before 1780, now began to treat the Swedes in a better way. In addition, from the end of 1780 the Dutch Republic, the largest neutral carrier in Europe, became involved in the war with Britain – the Fourth Anglo-Dutch War (1780-1784). The neutral Swedish and Danish vessels replaced the missing Dutch capacity.[24] It became apparent that neutral shipping could be a very profitable business for Sweden.

The same strategy was then applied during the French Revolutionary Wars. The Dutch and French were again involved in the war against Britain, leaving the Danish and Swedish – and this time even the US – merchant marines as the neutral tonnage. According to the Swedish Algerian passport registers, the number of Swedish-flagged voyages increased from 257 in 1792 to 624 in 1800. The figures for the Napoleonic Wars (1803-1815) are volatile owing to a new vulnerability of European neutrals. The policy employed by the Dutch, Danes and Swedes between 1756 and 1800 did not work during the total war of 1804-1815.

The picture of Swedish shipping booms directly related to the wartime conditions is confirmed by the data for traffic in the Sound and the development of registered Swedish vessels.[25] Does this mean that the Anglo-French warfare and Sweden's neutrality are the only determinants of the development, and that the shipping policy package from the early eighteenth century is insignificant? We have seen that the shipping policy package of the 1720s did not matter

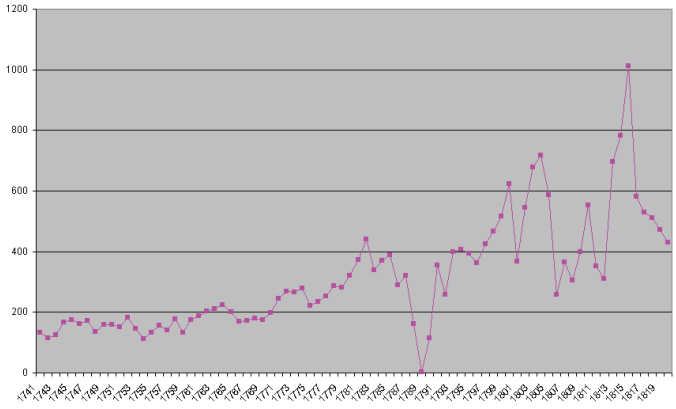
[24] On the League of Armed Neutrality and shipping business see Feldbæk 1971; Feldbæk 1983; Feldbæk 1969; De Madariaga 1962; and Müller 2010.
[25] Johansen 1983; Müller 2004, 142, table 5.5; and Kilborn 2009.

much. Such a view would confirm the criticism of shipping policy by contemporaries, but it would not explain why the policy was also used during the French Revolutionary and Napoleonic Wars and why it survived until the mid-nineteenth century.

The peaceful relations with North Africa and the consular network in Southern Europe were the *precondition* of the development. A very large share of the Swedish shipping boom in the 1770s, 1780s and the 1790s was located in Southern Europe. About one third of the Swedish carrying capacity was actually employed in Southern Europe, in commodity trade and tramp shipping.[26] All this suggests that the shipping policy package was necessary. The willingness of authorities to pay for the Convoy Office and to accept the costs of keeping peace relations with North Africa also confirms that the policy was seen as a necessity. Without the peace in North Africa, Swedish ships would be at risk in the Mediterranean even during the Napoleonic Wars.

The significance of peace in the Mediterranean is illustrated by the last conflict between Sweden and a Barbary state, namely the Tripoli "war" of 1801-1802. The Swedish naval presence outside Tripoli was of no avail, nor was cooperation with the US navy. Eventually peace was bought at a price of 650,000 rix-dollars.[27]

Figure 2: Number of Algerian Passports Issued 1739-1820



Source: Kommerskollegium, Huvudarkivet, Sjöpassdiarier för åren 1739-1800, C II b. Board of Trade, Swedish National Archives, Stockholm.

[26] It was somewhat different in Denmark with its large Atlantic and Asiatic shipping. See Johansen 1992 and Feldbæk 1969.

[27] Borg 1987; Krëuger 1856, 71-78.

Economic Security, National Security, and the Protection-Cost Approach

The differences between the Swedish policy regarding North African states and the exploitation of Sweden's neutrality point at the diverse options that Sweden had regarding security and risk-diminishing strategies. Sweden's eighteenth-century neutrality was vulnerable, dependent on the good will of Britain and other great powers and the overall functioning of an anarchical European state system.[28] Sweden had very limited possibilities of influencing the behavior of the great powers. A military confrontation was out of reach; the only way to meet the challenge of a great power was through diplomatic means. The same limited options, and a final failure of neutrality policy, may be noted in the Dutch Republic and in Denmark. All three neutrals were forced into "impossible" wars against great powers: the Dutch Republic (1780) and Denmark (1807) against Britain, and Sweden (1808) against Russia. That kind of risk was also impossible to predict, calculate or insure against. The peace with Russia or Britain could not be bought for any calculable price, which points at the different kind of security concept in this context – namely national security.[29]

The vulnerability of Swedish shipping in Southern Europe was of a different kind. It could be met by combined diplomatic and economic means. The threat posed by Barbary corsairs concerned economic security – the possibility of a loss of cargo and ship, and human security – the possibility of captivity or enslavement. But the threat never concerned the national security of Sweden. This distinction is very important if we aim to study Swedish shipping in Southern Europe from an economic perspective. National security, on the one hand, is about the state's security; the issue of costs or profits does not matter if the state is in danger. Economic security, on the other hand, is about costs and profitability of a business. Regarding the situation in the Mediterranean, the security was about protection costs and competitive advantages, and human risks, not about the threat to national security.

The role of protection costs in shipping has traditionally been related to the successful development of seaborne trade. European seaborne trade expanded during the whole Early Modern period, and the expansion could not be explained by any significant technological change in shipping which would affect the production costs of shipping. Indeed, a sailing ship of 1800 did not differ very much from a sailing ship of 1500, whereas a steam ship of 1900 was very different in comparison with a sailing ship of 1800. Thus, the expansion of seaborne trade before 1800 had to be explained in another way.

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[28] Schroeder 1994, passim.
[29] For the different concepts of security see Paris 2001.

One explanation that has attracted much attention and that is relevant in the context of this essay is the decline in transport costs.[30] The larger the share of transport costs in the commodity price, the larger the impact of the decline in transport costs on the final commodity price. Lower transport costs made commodities cheaper and so more affordable. With a limited technological change in shipping before the mid-nineteenth century, the most efficient way to reduce overall transport costs was the decline in transaction and protection costs. The issue of protection costs is especially interesting in waters that were troubled by violence, such as the Mediterranean owing to the *guerre de course*. Even small improvements in the security of shipping could significantly improve the profitability of the whole business. Improved security of shipping had an impact on many other costs. It reduced insurance premiums. The lower insurance premiums are actually mentioned by Swedish consuls as a competitive advantage of Swedish shipping in the Mediterranean.[31] Most probably, improved security made seamen less hesitant to sail in the Mediterranean and so it might have reduced wages. Contemporary treatises show that Swedish and Danish sailors were paid less than their Southern counterparts, even if this fact cannot immediately be related to the improved security of Danish and Swedish shipping.[32]

The protection cost approach was first employed by Frederic C. Lane, a historian of Venice, to explain the success of Venice as a commercial republic. He pointed out the significance of a state that provides security for the shipping of its citizens. In this way protection costs are made public: instead of paying for a large crew and armaments on his ship, the ship-owner pays the state for protection.[33]

The Swedish historian Jan Glete employed the same logic to explain the boom of Dutch seaborne trade in the Baltic Sea. The royal navies of Denmark and Sweden made the Baltic waters safe and so kept the protection costs low – especially of Dutch shipping. The *Fluit* could be such a superior carrier in the Baltic trade because it sailed in relatively safe waters.[34]

Glete's and Lane's works were concerned primarily with the sixteenth- and seventeenth-century Baltic Sea and the Mediterranean. But the same approach might be used to characterize the Northern European policies toward the Barbary corsairs in the eighteenth century. The policy package employed by Sweden from the 1720s made the protection costs of Swedish ship-owners public, and the ship-owners paid the state for protection – *extra licenten*. Because the

[30] For the effect of the decline in transport costs (transport revolution) on the expansion of overseas trade see O'Rourke and Williamson 2002; O'Rourke and Williamson 2004; for a contrary view see Flynn and Giraldez 2004; and others.
[31] Müller 2004, 73.
[32] Liljencrants 1768.
[33] Lane 1950; Lane 1958.
[34] Glete 2000, 125-126; on the *fluit* design's advantages see Barbour 1996, 122-123.

use of naval force – convoying – was expensive and inefficient, the office instead chose to pay for security by the acknowledgment of North African states and payments of tributes.

Sweden, owing to the peace treaties with the North African states and owing to its neutrality, had low protection costs, and these costs were made public. Certainly, this was an important factor for the improved economic security of the shipping business under the Swedish flag and one explanation for the successful development of the Swedish merchant marine, becoming the fifth in Europe after the American War of Independence.

It is worth mentioning that even Douglass C. North, a Nobel laureate in economics, and his colleague Gary M. Walton back in the 1960s argued that the success of North American shipping in the eighteenth century was related to the reduced uncertainties such as piracy and privateering.[35] Another factor was the improved organization of shipping, but that is not our focus here. The protection-cost approach employed in the development of Swedish shipping in Southern Europe also relates closely to the neo-institutional economic school, to the idea of protection costs as a component of transaction costs.

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