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Swedish East India Company and its Indian Ocean Trade – An Assessment

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Abstract

Few scholars are aware of the Swedish presence in the maritime trade in the Indian Ocean region. This article is based on a document found in the British Museum Archives, which mentions the formation of the Swedish East India Company in 1731. This company had its origin, which was quite different from other European East India companies. It did not acquire any territorial base in India, nor did it have any dominant presence. This article tries to examine the early difficulties in starting this company and the nature of its trade, highlighting the response of other extant European companies.

Keywords

Scandinavia, Baltic Sea, Navigation Acts, mercantilism, Ostend East India Company, chartered company, territorial base, Karikal.

Introduction

A lot has been written on the trading ventures of the Portuguese, the English East India Company, the Dutch company (VOC), the *French Compagnie des Indes* and even about the Danes in the maritime trade in the Indian Ocean region. But the Swedish participation in the Indian Ocean trade is relatively unknown among the scholars of maritime history. The present paper attempts to construct a picture of the origins and performance of the Swedish East India Company, called the *Svenska Ostinaliska Comanieet (*SEIC) and its trading activities in the Indian Ocean region. Though the Swedish East India Company is a familiar name to the scholars of Sweden, it is hardly mentioned in the European literature on chartered companies involved in the Asian maritime trade.[1]

Among the European trading companies, the Swedish company was the last to enter the race. At the time of its entry, almost all the important ports on the Indian coast had been grabbed by the European powers, and they were opposing the entry of other trading rivals. The Swedish company was a chartered company and was formed in 1731. Its trade was conducted from the western port of Gothenburg and was not based in Stockholm, the capital of Sweden. Only the Portuguese trading company, amongst all these shipping companies, was directly controlled by the Portugal state.

Baltic wars and territorial ambition of Sweden

The early seventeenth century witnessed spectacular political rise of Sweden. Till then, unlike the rest of north-western Europe, Sweden was rather slow in coming out from a relatively primitive economic level. The economic life of the Swedes was less subject to international influences than countries like Holland or Denmark. Sweden remained content with the passive trade, conducted mainly by the Hanseatic League. This situation continued almost throughout the seventeenth century. Ingvar Anderson suggests that the approach of the Swedish state seemed to change towards the end of the 16th century. It was in favour of allowing foreign merchants to participate in the Swedish commercial enterprises.[2]

The three Baltic struggles – the Kalmar War with Denmark, the Russian War and the Polish wars in the early seventeenth century laid the foundation of the Swedish foreign policy. King Gustav II Adolf [3] led the resistance against the Spanish forces between 1630 and 1635. The Swedes were trying to convert the Baltic Sea into a Swedish lake. The territorial ambition of Sweden was accompanied by economic growth in the country. The economy grew and consequently the revenues of the state increased to finance these foreign ventures. Natural resources like iron and copper began to be mined with foreign capital and businesses.

As Derry points out, since the demand of Swedish iron in the European market was very high, it enabled the Swedes to emulate the English Navigation Acts. Edict of 1724 of Sweden refused access to foreign ships unless they carried the products of their own country of the same value, *a trade policy commonly practiced by the mercantilist powers*.[4] Tar was another commodity that was exported by Sweden, which became the principal raw material for the shipbuilders of Western Europe.

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[1] Klas Rönnbáck & Leos Múller, Swedish East India Trade in Value-added analysis, C. 1730-1800 in http://dai.org/10.b8/03585522.2020.809511.

[2] Ingvar Anderson, *A History of* Sweden, London, 1956, p. 253.

[3] T. K. Derry, *A History of Scandinavia*, London, 1979, p. 173

[4] Ibid.

Venture into the Indian Ocean trade

Henceforth, the Swedish government's eyes turned eastwards to benefit from the oceanic 'cess' on trade in the Asian region on the lines of the Dutch, the English and the French companies. The regular profits flowing from this trade allured the government of Sweden to participate in the Indian Ocean trade.[5] The Swedes had earlier made several attempts to establish trade with the East Indies, but they had failed. It was not until 1731 that these efforts matured with the formation of a company. Although 'mercantilism'[6] made late entry in Sweden, its principal ideas influenced the policy makers in Sweden that led to the creation of the Swedish East India Company namely *Svenska Ostindiska Companiet* (SOIC) in 1731.[7]

II

Swedish East India Company

The roots of this company go back to almost hundred years back. In 1626. Willem Usselinex, a Dutch man was given royal privileges by the Swedish King Gustav II Adolf to form a trading company, but European wars prevented the project from materializing. Another instance involving Sweden in the Indian Ocean trade was made in 1721-22, when Madagascar pirates led by Robert England and two Irish Jacobin refugees in Spain assembled crews in Cadiz for two British ships and tried to form a Swedish East India Company.[8] These plans failed due to lack of support from the Swedish ruling elite.

Yet merchants of other European countries showed interest in the project. A few Swedish merchants did show interest in the East Indian trade. Most of the initiatives, however, came from foreign merchants. According to Anderson, the founders of the prospective Ostend Company included three English and Dutch merchants who had been excluded from participation in similar monopolies in their own countries.[9] Furber also described the Swedish company as a 'heterogeneous institution' consisting of Scotsmen, Flemings and Swedes. The Ostend Company had a short timespan (1722-1731).[10]

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[5] C. Koninckx, The First and Second Charters of the Swedish East India Company (1731-1766): A Contribution to the Maritime, Economic and Social History of North-Western Europe in its Relationship with the Far East, Van Ghemmert, Kortorjk, 1980.

[6] Mercantilism was a popular belief in Europe between the sixteenth and eighteenth centuries suggesting that trade generates wealth and leads to accumulation of profitable balances. This was practiced by many European governments through protectionism and trade monopolies.

[7] Anderson, op.cit.

[8] Furber, Holden, Rival Empires of Trade in the Orient, 1600-1800, 1976, p.145. Also D. K. Derry, A History of Scandinavia, London, 1979, pp. 144-5.

[9] Furber, Holden, op. cit., p. 173

[10] The Habsburg Emperor Charles VI had sacrificed the Ostend Company to secure his daughter, Maria Theresa's succession. This forced the major creditors of the company to

It was based in the Austrian Netherlands, and it traded with China, India (Bengal) and Yemen (Mocha). Some of the voyages reveal huge profits due to the rising prices of tea and silk. The accounts of the Ostend Company reveal that the Chinese trade was more profitable than the Indian. The Company was finally abolished due to the British pressure.[11] The closing of Ostend Company in 1731 eventually opened the field for the Swedish East India Company.

It was a *de facto* revival of the dissolved Ostend Company with more Scottish than Swedish support. Two persons had a major hand in the floating of the (new) Swedish East India Company. One of them was a Scottish merchant - Colin Campbell and the other was a Swede - Henrik König**.** Campbell had a first-hand experience of the Indian Ocean trade and of the Chinese trade. He had earlier worked in the super cargo service for the Ostend Company. He had also received Knighthood from the Swedish King Frederick I.

His diary that was discovered in 1986 tells of his initial voyage and provides vital information on the early Swedish trade.[12] Henrik König was a Swede and his main business depended on foreign investors, mainly the Germans.[13] Campbell and Henrik König had discussed their idea of floating a shipping company with the Swedish government but found their response lukewarm, as it feared British displeasure. König then appealed to the Swedish Parliament from where he got the full support. The Swedish Parliament granted royal privileges to the proposed company on 14 June 1731 for an initial period of 15 years.

The charter was renewed in 1746, and it was subsequently renewed every 20 years.[14] The company was given the right to all trade and shipping east of the Cape of Good Hope, as far as Japan, except the port factories of other European states, unless free consent had been obtained in advance. By not establishing territorial bases or settlements like the other European companies, the Swedes could reduce heavy expenses and at the same time avoid friction with the other European traders and local rulers. It was purely a commercial company with no ulterior design of colonization.

Sailing Route of the Swedish East India Company

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diffuse their channels. Some of them invested in the Danish Company while others contributed in the initial voyages of the Swedish East India Company. Furber, op.cit.,p. 145.

[11] Campbell, C., *A Passage to China: Colin Campbell's Diary of the First Swedish East India company expedition to Canton, 1732-33*, Royal Society of Arts and Sciences, Goteborg, 1996.

[12] The Swedish East India Company, *Bengal Past and Present*, XLII, pp. 83-84, 1931, *The Times*, 14 September 1931.

[13] C. Koninckx, op.cit.

[14] The state was to receive 100 riksdaler on each shipment. One riksdaler was equivalent to 12 marks.

In the first decade of its formation, the headquarters of the Swedish East India Company was in Gothenburg, the port town on the western coast. All departures and arrivals were restricted to Gothenburg and goods were to be auctioned here. The Swedish government demanded a specific sum of money besides taxes from the shipping company.[15] The company ships normally followed the sailing route, north of Scotland towards Cadiz from where they bought Spanish silver as this was the only item accepted by the Canton merchants in China.

From Cadiz the ships headed for Cape of Good Hope before entering the Indian Ocean. Thus, the Swedes, to avoid conflict with the European powers, had to follow a much longer sea route. Each journey lasted about 16 to 18 months. There was no restriction on the number of ships the company could fit out but these ships had to be built and outfitted in Sweden, flying the Swedish flag. The ships were to be taxed according to the length size.[16] The company initially followed the traditional practice of receiving subscribed shares for each trip, but this was found inconvenient.

Public Shares of the Company

From 1753, the Swedes started following the model of other European companies of floating public shares which could be bought and sold in the stock markets.[17] The first fifteen years of the company saw 25 ships undertaking journey into the Asian waters of which only three were meant for Bengal and the rest for China. Of these, four ships were lost.[18] The first ship *Friedricus Rex Sueciae*. with Colin Campbell and Georg Herman of Troll, sailed from Götenburg on 9 February 1732. The journey to Canton was completed in 181 days.

The initial voyages focused on spices though in subsequent visits, the Swedes bought substantial quantities of tea and porcelain. The return journey was not smooth as the ship was captured by the Dutch at Batavia. After much persuasion by Campbell, the Swedish vessel was released when the winds became unfavorable. It resulted in the loss of several lives of sailors on board. Yet, the first voyage was a huge success. The auction brought about 900,000 riksdaler and a huge dividend of 25 %.[19] During the period of the second Charter, the Swedes fitted out 36 ships - three to Surat and the rest to Canton. One ship was lost.[20]

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[15] Campbell, C., op.cit.

[16] The Swedish East India Company, The Times, op. cit 144-5.

[17] Ibid.

[18] http:/en.wikipedia.org/wiki/ Swedish East India Company.

[19] Ibid.

[20] Memorial on an Establishment of Trade to the Coromandel Coast by T. Wroughton, 29 March 1786, *Additional Manuscripts* Ms. 28068, British Museum, London.

III

Memoir of T. Wroughton

A Swede by the name of T. Wroughton, resided in Pondicherry in the late 18th century, for nearly seven years. He presented his memoir to the Directors of the Swedish East India Company. In January 1786 he suggested that the Swedish Company should also establish a settlement or a *Comptoir* like the other Europeans on the coast of Coromandel.[21] From this memoir, it appears that he had a frank discussion with the French Governor, Mons. Bussy. On the question of why the Swedes could not establish direct trade with India, Wroughton believed that it was due to the absence of a territorial base in India.

The Swedes had a prosperous trade with China but the same could not be said about the Indian trade. According to Wroughton, Bussy was prepared to sell off **Karikal** to them as the French were made to surrender this place to the English each time Anglo-French hostilities commenced. Bussy's offer seems to have excited the aspirations of Wroughton and he began to advocate swift action by the Swedes. **Karikal** is situated on the southern coast of Coromandel. In the late eighteenth century, it was a small port at the mouth of *Arasalur River*.

It was under the administration of the rulers of Thanjavur till 1738 when it was acquired by the French. The French established a factory here, but it could not be properly developed because of the changing political fortunes of the French and limited port facilities. According to Wroughton, Karikal had the potential to develop into a useful port.[22] From contemporary sources it is evident that it was a petty port, rather an open roadstead.

Some writings suggest that loaded vessels could enter the *Arasalur River* throughout the year.[23] This must have been a great advantage, but we do not have any documentary evidence of whether it was true. It appears that the French never utilized this advantage. Wroughton not only emphasized the geographical advantages of **Karikal** but also stressed its trade potential.[24] The port settlement was located on the Bay of Bengal. On the south of Karikal were the important trading and manufacturing centers like **Tanjore,**

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[21] Wroughton.

[22] Wroughton.

[23] Ibid

[24] Mémoire sur la population de Pondichéry, Karikal, Yanaon et leur dependance, 1791, Nouvelle acquisition Serie, F.R. 8930, p.35. Abbé Raynal, *A Philosophical and Political History of the Settlements and Trade of the Europeans in the East and West Indies*, London, 1777, vol. II, p.169.

Madurai and **Tinnevely-** linking southern Coromandel with Malabar. It was also very well connected with Bengal, Siam and Pegu.

Contemporary records place the population figure of Karikal between 15,000 and 20,000.[25] The figure could be lower considering the frequent migration of local weavers due to persistent wars. Most of these inhabitants were employed in weaving ordinary cotton textiles, handkerchiefs and in the dyeing of clothes for foreign markets. Wroughton also mentions export of articles like diamonds, pearls, ginger, camphor, painted and printed textiles, white and dyed yarn, dyed wood and oil.[26]

The Danish experience seemed to have influenced the views of Wroughton. The Danish West Indian trade witnessed a dramatic increase after their purchase of St. Croix, the largest of the Virgin Island of America from the French in 1733. Here sugar was produced for the Copenhagen refineries with the help of slave labour.[27] The Danes had their main trading posts at Tranquebar and Srirampur in India. According to Wroughton, Danes in 1785 had received 10 ships laden with the Indian goods. A large part of it reached Sweden in a clandestine manner. Therefore, the apparent offer of Bussy was seen as a golden opportunity by Wroughton to establish a Swedish foothold in India.[28]

He believed that it could provide a useful market for the Swedish products such as copper, iron, cloth, paper, glass and all kinds of hardware in exchange for the Indian piece-goods and spices. The Directors of the Swedish East India Company namely John A. Grill, Groft Rusell, etc., apparently did not take these suggestions seriously.[29] They doubted the actual advantage of acquiring Karikal and cited the Danish losses in Tranquebar even in the times of peace. They also pointed out that the Danish Company in Asia had given up their company to the Crown, and their ships had been chartered by the servants of the English East India Company.

Moreover, it is apparent that the internal situation of Sweden was not favourable to the acquisition of far-flung petty port. Sweden was internally torn at this time between the rival political factions of the Hats and the Caps.[30] Despite the advocacy of mercantilist principles by the Swedish state in matters of industry and trade, the social structure

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[25] Wroughton.

[26] Wroughton.

[27] op.cit. p.173.

[28] Wroughton.

[29] Ibid.

[30] The Swedish politics in the 18th century reveal an intense rivalry. The Hats represented the conservatives while the Caps were the liberal faction. Rhe Hats ruled Sweden from 1738 to 1765 and were in favour of an alliance with France and an aggressive military policy towards Russia. The Caps believed in a more cautious approach and advocated peaceful relationship with Russia and a restrained foreign policy. The party had support of the aristocracy and peasants.

remained semi-feudal. In the prevailing set up, Sweden could not compete with much stronger companies of Europe. The Company was finally dismantled in 1813.

Threat perceived by the English East India Company

The English company viewed the presence of the Swedish East India Company with distrust and threat as both had deep involvement in tea trade. The two companies focused on the Chinese tea market that was expanding rapidly due to the growing European demand. The Swedish company had prospered due to the profits earned from tea. The monopolistic control of opium trade to China had given a distinct advantage to the English Company. This reduced its dependence on silver imports after 1790s from Europe to India and China. The Swedes lacked territorial base in India, the long sea voyages were threatened by the rival companies of Europe and the divisive domestic politics of Sweden had serious ramifications on the functioning of Swedish Asian trade.

Hanna Hodach brings out the role of Charles Irvine and his family members in the first years of the Swedish company (SEIC) between 1731 and 1770. The family included his siblings and their children like James Irvine, Thomas Irvine, John and Robert Rose and many others. His article traces his family's engagement with the Chinese tea merchants by acting as super-cargo interlopers. They also tried to allure merchants from other nationalities.[31] The result was that the Swedish company functioned in the interest of one family for most part of the Company's existence. Hodach called this 'a long diachronic family' oriented long-distant trade. [32]

Thus, the Swedish tried to take part in the profitable trade of Asia but faced numerous limitations. Their late-entry in the long-distance trade without any territorial base, the absence of national spirit within the company then the presence of foreign profit-seekers as well as lack of commercial structure at home had put obstructions on the efficient functioning of the Swedish East India Company. Yet it was successful in reaping sufficient profits.

The Swedes earned as high as 18 % of profit from their tea exports to Europe, which was the same as that of their rivals, the Dutch and the French. Only, the English company's share was larger than theirs. The profits made by the Swedish company provided a dividend of 25% to their shareholders. It is also argued by some writers that the travels by men like Toren brought to Sweden a large number of specimens of bio-diverse products from India and China between 1750 and 1752. This raised the fascination of the Swedish people in 'natural history research' and created interest in scientific travels.

[31] Hanna Hodach, Keeping it in the Family: The Swedish East India Company and the Irvine Family, 1731-1770, Journal of World History, 31(3) 567- 595).

[32] Ibid.