

Patrik Winton
School of Humanities, Education and Social Sciences
Örebro University
E-mail: Patrik.Winton@oru.se

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Servants of Liquidation: the Clerical Staff at the First Debt Office in Sweden, 1719–1723

In 1719, a new government agency (*Rikens ständers kontor*) was opened in the Swedish realm. The agency’s office was located in the capital Stockholm and its task was to administer the liquidation of the large debt accrued during the previous royal regime of Charles XII. The agency, which can be characterized as a Debt Office, was under the direct control of the Diet, and the Diet provided the agency with specific taxes and fees, which were used to liquidate the debt.¹ The king had implemented a new system of finance during the final years of his reign in order to finance Sweden’s participation in the ongoing Great Northern War. The system, which displayed several similarities with financial measures taken in Britain and France around this time, was based on credit. After the death of the king in November 1718, the new people in charge decided to abolish the system of royal absolutism and the financial system that supported the king’s rule. A new parliamentary rule was established, which put political power in the hands of the four estates (nobility, clergy, burghers and peasantry), while the power of the king was reduced to a mainly symbolic role. Concurrently, several measures were taken to remove the fiat coins (*mynttecken*) from circulation and to start liquidating the remaining debt.²

Although the Debt Office did not issue new debt, it became part of the credit system when it interacted on a daily basis with creditors and intermediaries. It needed to be viewed as a reliable actor in order for the creditors not to distrust the whole liquidation process. This meant that it had to monitor and to react to market sentiments and to adapt to actions taken by creditors. If the office failed in these areas, it could lead to political tensions threatening the new political order created in 1719. The question then is how the new regime

¹ For an overview of the Debt Office, see Karl Åmark, *Sveriges statsfinanser 1719–1809* (Stockholm 1961).

² Peter Ericsson & Patrik Winton, “The Rise and Fall of a New Credit System: Transnational Financial Experiments and Domestic Power Struggles in Sweden, 1710–1720”, in Stefano Condorelli & Daniel Menning (eds), *Boom, Bust, and Beyond: New Perspectives on the 1720 Stock Market Bubble* (Oldenbourg 2019); Peter Ericsson & Patrik Winton, “Surge, retraction and prices: the performance of fiat coins in Sweden, c. 1715–1720”, *Financial History Review*, vol. 27 (2020).

guaranteed that the office implemented its wishes and how it ensured proper conduct within the office and in the interactions between the office and the creditors. In this paper, I will examine the clerical staff that was in charge of the daily transactions. What background did they have and how was their work organized in order to make sure that they followed the right procedures and that the interactions between the office and various creditors did not create discontent? By examining the detailed minutes in which the governors of the office discussed the daily operations, as well as different ledgers detailing payments, it will be possible to present a picture of how a government agency in the Swedish state operated during the eighteenth century.

Previous research has paid very little attention to the clerical staff who was involved in administering different money matters in the early modern Swedish state. Thus, we know next to nothing about how bookkeepers and other administrators were trained or how the monitoring of conduct was organized in practice. Scholars interested in the state apparatus have primarily examined the different positions in the organizations, and who occupied them and the descriptions of the tasks in the formal instructions. It has been emphasized that the requirements regarding the administrators' formal education became more pronounced in the seventeenth century and that a new group of non-noble administrators emerged who depended on their salaries for their sustenance. Many of them advanced in the organizations and were later ennobled. It has also been emphasized that the Swedish state was relatively efficient with limited corruption. The efficiency has been seen as a result of the close cooperation between the rulers and the elite, and the control mechanisms put in place when political authority was centralized.³ Some scholars have questioned these interpretations, especially pointing to developments during the eighteenth century when royal control became more limited and critique of corrupt practices within the government bureaucracy was spread in pamphlets and other printed texts.⁴

These Swedish developments were part of a broader European trend of growing government agencies and a subsequent increasing demand for administrative skills and

³ E.g. Johan Kleberg, *Statskontoret 1680–1946* (Uppsala 1946); David Gaunt, *Utbildning till statens tjänst: en kollektivbiografi av stormaktens hovrättsauskultanter* (Uppsala 1975); Björn Asker, *Officerarna och det svenska samhället 1650–1700* (Uppsala 1983); Svante Norrhem, *Uppkomlingarna: kanslitjänstemännen i 1600-talets Sverige och Europa* (Umeå 1993); Jan Glete, *War and the State in Early Modern Europe: Spain, the Dutch Republic and Sweden as Fiscal-Military States, 1500–1660* (London 2002); Björn Asker, *I konungens stad och ställe: länsstyrelser i arbete 1635–1735* (Uppsala 2004).

⁴ E.g. Maria Cavallin, *I kungens och folkets tjänst: synen på den svenske ämbetsmannen 1750–1780* (Gothenburg 2003); Fredrik Thisner, *Militärstatens arvegods: Officerstjänstens socialreproduktiva funktion i Sverige och Danmark, ca 1720–1800* (Uppsala 2007).

knowledge during the early modern period.⁵ It was also a time when financial organizations, such as banks, emerged in the financial centers of Europe. They too required skilled personnel and the managerial knowledge to structure administrative work which involved relatively large numbers of staff. However, as Anne Murphy has pointed out, scholars have often paid very little attention to the actual working practices and the working conditions of the clerks who toiled in these organizations.⁶

Establishing and dismantling a new system of credit

The regime of Charles XII had implemented a new system of government finance in 1715–1716, which was based on the expansion of credit. The king supported these ideas and he had the help of an outsider from Holstein named Georg Heinrich von Görtz, who functioned as the king's minister of finance. A key component of the system was to issue government bonds. The government used all property in the Swedish realm as collateral for the bonds, and it allocated extraordinary taxes to interest payments and repayment of principal. However, the bond sales were slow. In order to expand the market and to ensure that bonds circulated, the authorities also gave bonds as payment to military contractors and to creditors holding old floating debts. The government also issued so-called salary notes to civil servants and military officers in 1715 as a substitute for regular salary payments. The salary notes yielded 6 percent interest and, like the bonds, they could be traded on a secondary market.

As it turned out, bonds and salary notes were insufficient to fund the war effort. Instead, token coins would make up the bulk of the increased liquidity. They had a nominal value of 1 silver daler (dsm) and they were to be accepted in all transactions, including tax payments. Holders of token coins also could exchange them for government bonds. The coins were very light and they were not backed by any specie assets. The value of the token coins ultimately depended on people's confidence in them and the regime's promises.

The royal government used the coins to finance the major military campaign against Norway in 1718. The coins spread to all social groups and to all parts of the realm and they quickly became the dominating currency of exchange. Even foreign merchants, who traded with Sweden, owned large amounts of coins.

⁵ E.g., John Brewer, *The Sinews of Power: War, Money and the English State, 1688–1783* (Cambridge, Mass., 1988), pp. 64–134; Richard Bonney (ed.), *The Rise of the Fiscal State in Europe, c. 1200–1815* (Oxford 1999).

⁶ Anne L. Murphy, "Learning the business of banking: The management of the Bank of England's first tellers", *Business History*, vol. 52 (2010).

After the fall of the royal regime, the Diet decided to dismantle this system of credit by partially defaulting on the token coins and to liquidate the other parts of the debt. Thus, holders of the token coins were ordered to hand them in to the authorities and they received in exchange non-interest bearing insurance notes valued at 43.75 percent of the token coins handed in. In June 1719, around 20 million coins were handed in and insurance notes valued at 8.7 million dsm issued. Although everyone owned token coins, it could be argued that peasants and merchants were the biggest losers from this process since they had a lot of their assets in token coins. However, the merchants were compensated for some of their losses by the liquidation mechanism for the insurance notes. The authorities decided that the insurance notes would only be redeemable when paying a duty on foreign trade. By purchasing insurance notes on the secondary market at very large discounts it was possible for the merchants to profit from the trade with notes. The mechanism also made sure that merchants got involved in the liquidation process.⁷

At the same time as the insurance notes were circulating, the authorities also started to liquidate the other claims, which had not been targeted in the default, such as the bonds and claims from officers and civil servants for unpaid salaries. These claims were recognized after they had been scrutinized by different government bodies. This was not done by the Debt Office – the Debt Office was concerned with administering the payment to the holders of recognized claims. The recognized claims were categorized 1–11, which indicated the order they were going to be paid. Thus, first claims from children and other dependents, then churches, then bonds, then crown suppliers and then unpaid salaries. Once the claims were signed and recognized, holders could trade the claims on a secondary market. Consequently, there were many different government debt instruments circulating with different terms and conditions. Merchants in the main towns dominated this market.⁸

The structure of the Debt Office

The Debt Office that was established in 1719 to administer the liquidation of the debt was under the direct control of the Diet. The three governors were appointed by the Diet with one representative from each of the three leading estates. In other words, one representative from the nobility, one from the clergy and one from the burghers took part in the deliberations. In 1738, the secretary at the peasant estate was also granted access to the meetings. The governors also received detailed instructions from the Diet which guided the actions taken.

⁷ Ericsson & Winton (2019).

⁸ For an overview of this process, see Åmark (1961).

The governors knew that their actions would be audited at the next meeting of the Diet by a special subcommittee. If the subcommittee found irregularities the governors could be dismissed. This meant that the office had to record their activities in detail.⁹

The Debt Office was given specific taxes to handle the liquidation. The most important revenue was an extraordinary tax (*lön- och betalningsavgiften*) that every household in the realm paid. The collection of the tax was administered by the regional tax authorities, which separated the tax from other revenues in a special ledger. The regional tax authorities then sent regular reports to the Debt Office on how much revenue had been collected. Part of the Debt Office's activities was therefore focused on monitoring the collection of revenue and planning how the revenue should be utilized.¹⁰

The officials at the Debt Office were also in daily contact with claimants, intermediaries who represented claimants and other actors who were trading with the different financial instruments that were circulating. Especially merchants who used insurance notes and salary bills to pay the *licent* – the special customs duty – were important counterparts. In all the discussions in 1719 and 1720 the office made it clear that it was important to facilitate the merchants' transactions and it was not acceptable for the office to hinder trade. The office was therefore open at least two hours each day to accept deposits of notes and bills.¹¹ It was also suggested that the office should have a representative at the customs house in Stockholm to expedite transactions. The governors were skeptical about such an arrangement since it was difficult to assign a bookkeeper or a clerk to be there on a daily basis.¹² They were simply needed at the office to manage the many tasks there. It could also be seen as a control issue: that it was necessary for the officials to check in the ledgers, which were located at the office, before they accepted the bills and the notes. That the control aspect was important can be seen when a customs official signed and accepted bills and notes when the clerk was absent. Concerns were then raised that it was problematic that a person not employed by the Debt Office and who had not signed the oath as administrator, acted on behalf of the office. Thus, it was important that if a clerk was not present, someone else in the organization did the signing.¹³

⁹ Swedish National Archives, Stockholm (SNA), Rikens ständers kontor, Huvudarkivet, Inkomna skrivelser från ständerna, sekreta utskottet och kontorsdeputationen 1719–1733, vol. 142.

¹⁰ E.g. SNA, Rikens ständers kontor, Kammarkontoret, Renskrivna huvudböcker, vol. 395, Huvudbok 1719–1722; Länsstyrelsen i Västmanlands län, Landskansliet I, Huvudböcker över medel under Rikens ständers kontors disposition, vol. 1, 1719–1720.

¹¹ E.g. SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 13 Jul., 26 Aug., 16 Dec. 1720.

¹² SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 26 Aug. 1720.

¹³ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 16 Dec. 1720.

However, since international trade did not only take place in Stockholm and the Debt Office did not have branches, it became necessary for other government officials to be involved in handling the bills and the notes in order not to hinder trade. In the town of Norrköping for instance, merchants expressed concern that it would be too costly and cumbersome for them to send their notes and bills to Stockholm. The Debt Office responded to this fear by arranging for the merchants to give the notes and bills to the local customs official, who collected the bills and notes and sent them to Stockholm when a significant volume of instruments had been amassed. When the instruments were sent to the office, the customs official would specify the ownership of each bill and note in order to ensure that the liquidation was properly conducted and that each merchant received certificates of deposits for the bills and notes.¹⁴ The customs officials thereby became intermediaries between the merchants in other towns and the Debt Office in Stockholm. Instead of the merchants having to accept the transaction costs, it became the responsibility of the custom houses to pay for the shipment of bills and notes to the capital and to distribute the certificates of deposits to the merchants. This arrangement also meant that the Debt Office received administrative assistance from customs officials.

If we take a look at the clerical staff who administered the operations of the Debt Office in 1720, there were eight positions in total from the top-ranking commissioner to the lowest ranking official, the porter.¹⁵

	<i>Yearly salary</i>
Samuel Hedengran – Commissioner (<i>Kommissarie</i>)	1000 dsm
Anders Iggström – Accountant (<i>Bokhållare</i>)	750 dsm
Lars Aschlin – Treasurer (<i>Räntmästare</i> and <i>kassör</i>)	600 dsm
Jacob Giese/Abraham Dahlén – Clerk (<i>Notarie</i>)	400 dsm
Jacob Giese/Harald Schening – Assistant clerk (<i>Kanslist</i>)	300 dsm
Jacob Westman – Clerk (<i>Kammarskrivare</i>)	300 dsm
Carl M. Aurell – Clerk (<i>Ränteri- och kammarskrivare</i>)	300 dsm
Anders Beck – Porter (<i>Vaktmästare</i>)	175 dsm

The commissioner, Samuel Hedengran, was appointed by the Diet. He should oversee the work at the office and control the conduct of the other officials, but he was also signing bills

¹⁴ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 26 Aug. 1720.

¹⁵ SNA, Rikens ständers kontor, Kammarkontoret, Renskrivna huvudböcker, vol. 395, Huvudbok 1719–1722.

and notes and he was in charge of executing orders and decisions, such as sending letters to other government bodies. He received assistance, especially with expediting decisions, from the assistant clerk, first Jacob Giese and then Harald Schening.¹⁶ Second in rank was the accountant, Anders Iggström, who handled the general ledger and the ledger detailing the liquidation of the salary notes and the insurance bills. He had an assistant, a clerk, Jacob Westman, who helped him with the ledgers, but who also worked with expediting claims.¹⁷

Third in rank was the treasurer, Lars Aschlin, who was working with bookkeeping, especially regarding the revenue that the office received from the local tax districts. But he was also involved in checking and liquidating claims. Aschlin had an assistant, Carl Magnus Aurell, who helped with bookkeeping and with checking and liquidating claims.¹⁸ Then there was a clerk, first Jacob Giese and then Abraham Dahlén, who wrote the minutes at the meetings of the governors and who dealt with other similar penman tasks. Additionally, he could sign and accept claims.¹⁹

The last position was held by a porter, Anders Beck, who dealt with more practical things like maintaining the rooms, buying firewood and locking and unlocking the rooms. He was also used as a messenger to both collect information from and to send information to people in Stockholm. In January 1720, Beck complained that he had to be at the office early in the morning and late evenings every weekday, which indicates that he was there basically all the time. He also complained about the task of cutting firewood. It was therefore agreed that the office should contract someone to do that work.²⁰

Although a clear hierarchy existed within the organization and the staff was given specific tasks, the division of labor in the organization was not so developed that one official could not, at least temporarily, take on someone else's tasks. For example, when the commissioner Hedengran was going on vacation to improve his health in 1721, it was the clerk Abraham Dahlén and the assistant clerk Harald Schening who had to step in to approve and to sign bills and notes as well as expediting decisions.²¹ In another instance, when Anders Iggström was sick, his assistant Jacob Westman had to take on some of his superior's

¹⁶ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 22 Jun. 1719; SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 28 Feb., 10 Jun.

¹⁷ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 22 Jun. and 23 Sep. 1719, 16 Dec. 1720.

¹⁸ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 13 and 29 Jul. 1720; SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 19 Dec.

¹⁹ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719 – 1720, 26 Aug. and 14 Sep. 1720.

²⁰ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 19 Jan. 1720; SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 3, 1722, 27 Feb.

²¹ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 10 Jun.

responsibilities.²² Given the small size of the clerical workforce, it was not practical to maintain a clear division of labor, or to make some tasks a reserve for just one official. However, there were limits to the flexibility of duties. When the treasurer Lars Aschlin had assigned the work on a ledger to his assistant Carl Aurell, the governors of the Debt Office reacted. They wondered why Aschlin did not personally write in the ledger. He replied that there was not enough time and that he had prioritized providing assistance to the merchants. The governors did not agree with his allocation of time and said that he could face legal action if he did not do the work himself. Delegating work on the main ledgers was consequently not allowed for the treasurer.²³

One consequence of the small workforce was the relatively heavy workload for the clerical staff. This in turn put pressure on the organization, especially if one or two officials were absent. When Lars Aschlin's father-in-law died for example the governors did not first want to grant him leave because of the workload, but after Aschlin's pleas they eventually gave in. During his absence, Aschlin's tasks were handled by Anders Iggström and Carl Aurell.²⁴ However, during his time away from Stockholm the tensions seem to have increased between the remaining clerical staff. For instance, the commissioner Hedengran got into a heated argument with the accountant Iggström over Iggström's correspondence with Aschlin in which Iggström discussed some official business. Schening also questioned orders he had received from Hedengran about keeping track of payments in a separate ledger. He claimed that such a task belonged to an accountant or a treasurer and not a clerk. The governors sided with the commissioner Hedengran in this latter case. In other words, they argued that security was improved if records were kept in two separate ledgers.²⁵

Here it seems that Iggström and Schening cooperated against Hedengran, and that Aschlin was on their side. As commissioner, Hedengran's task was to oversee the work, which meant that he could easily get into disputes with the other members of the staff, especially when the workload was heavy. Although the tensions seem to have diminished when Aschlin returned to work, Hedengran's actions continued to create conflicts within the organization. In 1723, for example, Hedengran and Aschlin got into a heated discussion about a non-payment of a claim. Aschlin argued that there were not sufficient funds in one of the accounts that he controlled and that he therefore had sent the claimant to Hedengran. Hedengran had sent the claimant back to Aschlin with the argument that there were ample

²² SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 22 Dec.

²³ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 19 Dec.

²⁴ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 8 and 18 Feb.

²⁵ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 28 Feb. and 11 Mar.

funds available. This had made Aschlin very angry since it implied that he was a liar and an imposter whose word could not be trusted. At the same time he accused Hedengran of lying. The governors' reaction to this incident was to stress the importance of paying accepted claims and that the office's credit would be hurt if similar events reoccurred. Thus, the two officials should set aside their personal differences and work together in order to ensure proper payments.²⁶

Some of the tensions within the organization emerged into the open when the injured parties turned to the governors to seek support for their grievances. Especially Hedengran used that strategy as a way to highlight what he saw as problematic practices or errors at the office, but also the other clerical staff could turn to the governors to seek support. This meant that the governors became mediators between the different staff members in order to prevent tensions to escalate, especially between senior officials such as the commissioner and treasurer. Since the governors only met a few times per month and they all had other assignments, they relied on the organization to function without their constant intervention or monitoring. Mediation between different interests within the organization, as well as highlighting the formal instructions from the Diet became important tools for the governors in controlling the organization. If that did not work they could always threaten with legal action, but that could further hurt the operations, in particular when considering the relative lack of people with the right knowledge and experience in administering financial matters.

The background of the clerical staff

When examining the background of the clerical staff in the Debt Office, it is clear that most of them had been involved with the administration of the new financial system that had been developed in the 1710s by the previous regime. More specifically, they had been working with the agency *Kontributionsrånteriet*, which was assigned with collecting a special extraordinary tax – the contribution – which was used as collateral for the bonds issued and to pay interest. Thus, Samuel Hedengran, Anders Iggström, Lars Aschlin, Jacob Giese and Anders Beck had all held similar positions at *Kontributionsrånteriet* as they held at the newly formed Debt Office.²⁷ This meant that they were very familiar with the various issues concerning the debt.

²⁶ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 4, 1723, 20 Jun.

²⁷ SNA, 1714 och följande års Kontributionsrånteri, Expensräkenskaper 1715–1718. See also SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 5 Jul. 1720.

In 1719, when the new office was formed there was no uncertainty about where the staff should come from. Many of them were simply moved over from one organization to another.²⁸ The fact that the first organization was deeply involved in the policies of the absolute monarchy, while the second organization was given the task of dismantling that system was not seen as a problem. I have not found any political discussions about this, or doubts cast about the appropriateness of such a transfer. My interpretation of this lack of discussion is that there was a shortage of experienced clerical staff, and that it was deemed important that the new office got started right away. In order to do so it had to be staffed with people who had the right knowledge. There was simply no time to build an organization from scratch, or to train new staff.²⁹ This organizational aspect was deemed more important than any fears of political disloyalty. The totally dominating view was therefore to examine the clerical staff's experience and competence and how well they had conducted themselves rather than examining the tasks of the previous organization.

However, before the clerical staff from the *Kontributionsrånteriet* could move to the new Debt Office, they had to swear a new oath where they committed themselves to the new political regime. In Anders Iggström's oath he swore in the name of God to obey the queen and the new constitution. In particular he promised not to openly or secretly promote or support royal absolutism. He should obey the governors of the office and execute his duties with diligence and loyalty. Moreover, he promised to follow the written instructions that the Diet provided the Debt Office, and to keep all ledgers and books in good order. It was also important that he promoted the interests of the Diet and the Debt Office rather than his own gain.³⁰ The structure of the oath was similar to the ones all civil servants had to swear in 1719. In other words, this was not a special arrangement for the Debt Office.³¹

In June 1719, after five of the clerical staff was moved from *Kontributionsrånteriet* to the Debt Office, Anders Iggström was ordered to find a skillful clerk who could function as his assistant since the clerk at *Kontributionsrånteriet*, Peter Hedengran, was moving to a position at the Board of Public Lands and Funds (*Kammarkollegium*). This process lasted until September 1719 when Jacob Westman was hired as a clerk. He had been involved in military procurement during the campaign in Norway in 1718. This can be seen as a process whereby military administrative resources

²⁸ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 22 Jun. 1719.

²⁹ Murphy (2010) shows how there was a shortage of experienced clerical staff in London in the 1690s.

³⁰ SNA, Rikens ständers kontor, Huvudarkivet, Tjänstemäns eder 1719–1762, vol. 248.

³¹ On oaths, see Sari Nauman, *Ordens kraft: Politiska eder i Sverige 1520–1718* (Lund 2017).

were shifted to civilian use when the authorities reduced military activity. During the time a clerk was found, Peter Hedengran continued to work at the office.³²

In another case of recruitment, the office received an application from Harald Schening who was in Stockholm. Schening had heard that Jacob Giese was moving to a new position so he sent in a résumé in which he stressed that he had been studying for seven years at Uppsala University, and that he had specialized in law. He also stressed that he had been visiting and observing how various courts in Stockholm were functioning for two years in order to gain experience. The governors decided to hire Schening as an assistant clerk.³³

In 1720, the governors received an application from the clerk Abraham Dahlén at the Board of Public Lands and Funds after he had heard that there was an opening at the Debt Office. The application was sent by leadership of the board to the Debt Office. The board stressed his experience and his diligent work as a clerk. In the discussion at the Debt Office it became clear that Dahlén had heard about the opening from Jacob Giese and that they had discussed a switch of positions between them. Thus, that Giese was moving to the Board of Public Lands and Funds and that Dahlén was moving the other way.³⁴ This case highlights that the civil servants in Stockholm knew each other and that they interacted on both formal and informal arenas. It was also possible to make arrangements before discussing it with their superiors, and to influence the hiring process at the Debt Office.

In 1723, Dahlén showed another form of initiative when he got involved in politics. At the meeting of the Diet he provided vital assistance to members of the peasant estate on key constitutional issues. Although he did not hold a formal position in the political system, he had helped the peasants to draft replies to the other estates, and more crucially, drafted a proposal demanding the strengthening of royal power. When the powerful Secret Committee of the Diet found out that Dahlén was involved in such activities, he was arrested and later sentenced to death for treason. He was also removed from his position at the Debt Office. The punishment was subsequently commuted into a prison sentence at the fortress Marstrand.³⁵ Evidently, Dahlen's actions were not just seen as a violation of his oath as public servant, but also as an explicit threat to the newly established political order. The notion of a

³² SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 22 Jun. and 23 Sep. 1719.

³³ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 23 May 1720.

³⁴ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 1, 1719–1720, 26 Aug. and 14 Sep. 1720.

³⁵ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 4, 1723, 20 Jun., 24 Jul. and 18 Sep. See also K.G. Odén, *Östgötars minne: Biografiska anteckningar om studerande östgötar i Uppsala 1595–1900* (Stockholm 1902), s. 125 and Ludvig Stavenow, *Sveriges historia till våra dagar*, vol. 9, *Frihetstiden* (Stockholm 1922), p. 73.

coalition between the monarchy and the peasantry plotting to overthrow parliamentary rule scared the political oligarchy. Dahlén could therefore not go unpunished.

Among the clerical staff only three had been at a university. Lars Aschlin, Abraham Dahlén and Harald Schening had studied at Uppsala before starting their careers as civil servants.³⁶ However, the university did not teach them bookkeeping or other similar tasks. Instead, the university focused more on how to structure arguments and how to present them in a convincing manner. Linguistic skills, especially in Latin, rather than math and numbers were prioritized. Learning the practical side of accounting had therefore to be done somewhere else.³⁷

When examining the clerical staff at the Debt Office, it seems that all of them had a civil servant background. For instance, Lars Aschlin's father was a principal at a local school in Eksjö. There is no evidence that they, or any in their immediate families, had been working in merchant houses or in other types of commercial organizations. All of this indicates that the bookkeepers and clerks learnt about the theory and practice of bookkeeping in the administrative organizations of the state. First they observed and practiced before they got lower positions. Slowly they could then advance in the government hierarchy. The treasurer Lars Aschlin for example started his career as an observer at a local court in Stockholm before he advanced to auditor (*auditör*) at a regiment and then to a position as cashier and secretary in the military before moving on to becoming as a registrar at the royal court. From there he moved to become treasurer at *Kontributionsrånteriet*.³⁸ In a similar fashion, Samuel Hedengran started his career as an extraordinary clerk at the Board of Public Lands and Funds before he moved up to an ordinary clerk position in the same organization. Three years later he transferred to the newly formed *Kontributionsrånteriet* to work as an accountant. After four years as an accountant there he was promoted to the position of commissioner.³⁹

The connections between the Debt Office and the financial market

As mentioned above, one of the main tasks of the Debt Office in the early part of its operations was to oversee the liquidation of the insurance notes and salary bills through the payment of the *licent*, the special toll. This arrangement meant that merchants had a demand

³⁶ Odén (1902), p. 114 and p. 125; Gösta Thimon, *Stockholms nations studenter i Uppsala 1649–1800*, vol. II 1701–1750 (Stockholm 1996), p. 95.

³⁷ Gaunt (1975), p. 31. See also Murphy (2010), p. 152 for a similar argument about the English situation.

³⁸ Odén (1902), p. 114.

³⁹ Johan Kleberg, *Kammarkollegium 1634–1718* (Stockholm 1957), p. 167.

for the instruments and that they had to acquire them on the secondary market either themselves or through their business associates. However, many merchants did not have the time or the interest necessary to operate on this market on a regular basis. Instead, they could turn to intermediaries to provide the required bills and notes. Some merchants decided to approach the clerical staff at the Debt Office to request assistance with the transactions, which the administrators also provided. Presumably, it was believed that the clerical staff had a good overview of the market and that they knew how to obtain the necessary bills and notes. Especially three staff members, Carl Aurell, Jacob Westman and Lars Aschlin had accounts in their own name at the Debt Office, which they used to make transactions. In table 1, the transactions of Aurell from September to December 1720 are shown.

Table 1: Transactions in Carl Magnus Aurell's account at the Debt Office, Sep,-Dec. 1720

Payments from Aurell's account	
12 toll payments	143 dsm on average
Total payments from account in September-December	8,315 dsm
Payments into Aurell's account	
16 different deposits of insurance notes and salary bills	282 dsm on average
22 salary bills	
11 insurance notes	
Total deposits into account September-December	9,436 dsm

Source: SNA, Riksens ständers kontor, Kammarkontoret, Licentmemorialböcker, vol. 454, 1720.

Table 1 show that relatively large amounts as well as volumes were deposited into and paid from the account. Thus, Aurell both made toll payments and deposited salary bills and insurance notes in an extent that was greater than the biggest merchant houses in Gothenburg and Stockholm. In comparison, the merchant Catharina Tham in Gothenburg deposited seven insurance notes and four salary bills totaling 2,902 dsm in the same period.⁴⁰ Moreover, the total deposits of close to 9,500 dsm was much greater than Aurell's annual salary of 300 dsm

⁴⁰ SNA, Riksens ständers kontor, Kammarkontoret, Licentmemorialböcker, vol. 454, 1720.

from the Debt Office. There is also no indication that he engaged in international trade. The only answer behind these large numbers is that he functioned as an intermediary for the merchant community. In other words, he used the account on behalf of other actors who actually owned the different instruments. Aurell was probably paid a small commission for the service he provided.

The commissioner Samuel Hedengran questioned how appropriate this and other similar arrangements were. He said that it created rumors among the population, which could hurt the Debt Office. He also pointed out that the staff members would become market leaders and crowd out other actors in the market when it would be the easiest solution to turn to the centrally located staff members. Hedengran was also worried that the staff members would be so preoccupied with trading the bills and notes that they would neglect their other tasks. There was also a risk that officials would misuse their position for personal gain. Despite these concerns, the governors did not stop this practice in 1721.⁴¹ One explanation for this reluctance is that the officials provided a service that was necessary for the liquidation system to function properly. Without these services, the merchants and other actors would probably have complained about the system, which would have undermined its legitimacy. Ultimately, convenient and fast transactions were more important than to maintain a sharp dividing line between the clerical staff and various trading activities.

However, when a new governor from the nobility arrived at the Debt Office after the meeting of the Diet in 1723, the issue about officials having active trading accounts and formally trading in their own name reemerged as a contentious issue. When the governor Falcker examined one of the ledgers dealing with insurance notes and salary bills in 1724, he found that several officials had accounts and that the balances on those accounts were very substantial. His conclusion from this examination was that such practices should not be allowed since it could reflect badly on the Debt Office. By banning these activities, the suspicion that the officials wrongfully profited from the transactions would also disappear. It was primarily the potential risk to the reputation of the Debt Office rather than all market participation that Falcker wanted to target by these measures, since he did not want to prohibit the officials from assisting merchants or from profiting from such assistance. The crucial point was that all transactions should only be done in the name of the merchants or other actors who actually owned the financial assets, and if the clerks and accountants acted as intermediaries they should be able to present the orders they had received to act on someone

⁴¹ SNA, Riksens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 2, 1721, 22 and 27 Sep.

else's behalf. The other governors agreed with Falcker's arguments and it was therefore decided that the officials' existing accounts should be discontinued.⁴²

The effect of this decision can be seen in the ledger for 1724. Carl Aurell for instance made nine deposits of insurance notes and salary bills into his account in February and March totaling 427 dsm, but after the decision no further deposits were made. Concurrently, payments were made during the year in order to reduce the assets in the account. At the end of 1724, only five dsm remained in Aurell's account. A similar pattern can be seen in Lars Aschlin's account. In March he made two deposits of insurance notes and a salary bill into his account valued at 340 dsm in total, but after the decision by the governors Aschlin did not deposit any further assets. He proceeded to sell off all of the assets in the first half of the year and the account was effectively closed in May.⁴³

This dwindling down of the officials' direct ownership of insurance notes and salary bills did not mean that they suspended their activities in the market. On the contrary, it seems that they continued to receive offers from various actors to assist with different financial tasks, and that the officials often chose to allocate significant parts of their time to these activities despite the fact that the work load at the Debt Office was heavy. The opportunity to earn commissions was probably one reason guiding such priorities. The governors were aware of the situation, and they also knew that the assistance helped the market to function, but there were limits to what they could accept. For instance in 1724, Harald Schening asked Carl Aurell and Jacob Westman to assist him with a detailed public proclamation informing all subjects about the regulations concerning the liquidation of the debt. Although both Aurell and Westman had been hesitant, Westman had outright opposed giving such assistance to Schening. The governors realized that the reason Westman had said no was his many private commissions, which made it difficult for him to fulfill his duties at the office. They therefore decided to summon Aurell and Westman and to order them to assist Schening. However, Westman was nowhere to be seen. When asked where he could be, Aurell replied that Westman was dealing with some issues at the offices of the royal court. The reply angered the governors, and they told Aurell to inform Westman that if he did not do his work properly at the Debt Office he would be removed from his position so that he could work full time with his many private commissions.⁴⁴ Clearly, the governors doubted Westman's loyalty to the Debt Office as well as his priorities.

⁴² SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 10 Mar.

⁴³ SNA, Rikens ständers kontor, Kammarkontoret, Licentmemorialböcker, vol. 458, 1724.

⁴⁴ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 17 Mar.

Later the same year the governors would return to the issue of the officials' activities on the market for government debt. In September, when they examined a liquidation of a number of bonds that a merchant handed in, they found that the treasurer Aschlin was the owner of several interest notes worth 2,709 dsm. These notes were issued to the bondholders for unpaid interest on the bonds. This was evidence that Aschlin had bought bonds from the original owners at a discount. According to the governors, such practices went against the intentions of the Diet since many members of the Diet had argued that it was the Swedish Crown's original creditors that should benefit from payments rather than actors who had bought discounted financial instruments on the secondary market. The governors thought it was especially problematic that the Debt Office's own staff members were involved in various trading activities since they had access to insider information, such as the office's cash flow, which was not public knowledge. The governors feared that the officials, in the interactions with creditors, could argue that it would take a long time before their debts would be repaid and the only way for creditors to receive payment was to sell the bonds swiftly to the officials at a discount. The creditors would thereby lose out, while the officials would benefit from their position in the administrative system of the state. Such practices went against the oath the officials had sworn, but they also threatened the legitimacy of the Debt Office and the idea that all original holders of government debt should be treated equally by the state. Thus, the reputational repercussions for the office, in particular the potentially perilous sentiment that the office only benefitted a small clique of actors in Stockholm well-connected to its clerks and bookkeepers, meant that the governors felt that they needed to take action against the officials' trading activities. In order to reduce the risk, the governors proposed a new oath where the officials would swear to abstain from direct or indirect trading with government bonds. If they refused to swear such an oath, they would be removed from their positions.⁴⁵

After the governors had made their suggestion, the commissioner Hedengran stood up and pointed out that he had never owned bonds nor had he been involved in trading. Instead it was the accountant Anders Iggström, the treasurer Lars Aschlin and the clerk Jacob Westman who in particular interacted improperly with other creditors. He also stressed that he had warned about the trading practices several times in the past, but that no actions had been taken. Evidently, the old tensions between Hedengran on one side and Iggström and Aschlin

⁴⁵ SNA, Riksens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 30 Sep.

on the other surfaced when these issues were discussed. During the meeting, the clerk Harald Schening also swore that he had never traded with bonds, insurance notes or salary bills.⁴⁶

When the accused officials were confronted with the suggestion that they should swear an oath, they hesitated. Aschlin for instance wondered where the proposal emanated from, suggesting that he would swear the oath if the government had passed legislation banning the purchase and sale of financial instruments, or if he was accused of a crime. On the issue of the existing trade with government bonds, Aschlin argued that the secondary market was so large that the officials of the Debt Office, with their modest participation, could not influence the market conditions. He also argued that most original creditors had already sold their bonds, which made the proposition that the state should only reward people who had provided credit to the Crown an impossible task. Moreover, Aschlin stressed that it was wrong to characterize an open market system with willing participants an unlawful practice. It was natural for a bondholder who wanted to liquidate his assets quickly to sell the bonds to anyone without regard for the buyer's social position or character. Such a bondholder would also be contented with a lower price if he received a swift payment than to wait for full payment at a later date. Aschlin also thought that removing the officials from the market would rather reduce the Debt Office's credit than improve it since many bondholders with limited means would have fewer options available to them.⁴⁷

Iggström thought that it was unnecessary for him to swear a new oath since he was already bound by his previous oath and its ban on seeking personal gain from his employment at the Debt Office. He also stressed that he provided an essential service to many bondholders who lived outside Stockholm and who did not know any reputable persons in the capital that could represent them. He admitted that he had bought some bonds from people living in the northern parts of the realm, but that it was the owners who had pleaded with him to buy the bonds. He had then resold the bonds to a merchant, but without making a profit from the transactions. Instead, he had sought to serve both the bondholders and the merchant in Stockholm. Moreover, he stressed that he had provided the same information to all market actors and that he had tried to serve their interest to the best of his ability.⁴⁸

Since both Aschlin and Iggström refused to swear the proposed oath, the governors did not proceed any further with their plan in 1724. They could have demanded an oath, but that would have meant that they very likely had had to accept the resignation of two

⁴⁶ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 30 Sep.

⁴⁷ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 13 Oct and 20 Oct.

⁴⁸ SNA, Rikens ständers kontor, Huvudarkivet, Renskrivna protokoll, vol. 5, 1724, 13 Oct.

of the most experienced senior officials at the office. When faced with the potential of such an outcome, they backed down. In other words, keeping the expertise within the organization became more important than implementing a total ban on financial trading by the clerical staff.

The tension between the governors and the two officials highlight different perspectives on how the credit market functioned and the role the Debt Office should play on it. The governors stressed the need to protect the reputation of the office and the impartiality of its officials. This meant that officials should oversee the market, but without actively engaging in exchanges or making trades in their own name. The governors also wanted to promote the political will of the Diet to foremost cater for the “true” and “legitimate” interests of the people who had originally provided credit to the state. The perceived fairness of the liquidation process was therefore at the forefront of their priorities rather than the promotion of a secondary market that threatened to create politically problematic profits. The accountant and the treasurer on the other hand approached the issue by concentrating on how the market actually functioned and what was possible and not possible to do on that market. Both of them had been heavily involved for more than ten years in the attempts to promote and support a government bond market. They therefore knew the importance of the secondary market and they were knowledgeable about the forces that structured it. They knew that especially peripheral actors had information asymmetries as well as geographic distances to overcome, and that there existed a demand for financial services in the capital that the officials could provide. Aschlin and Iggström thereby stressed the need to continue financial practices, which had been supported by the previous royal regime, in order for the liquidation process to function properly. Without a secondary market with its intermediaries, the bondholders would have a more difficult time to sell their assets which in turn could lead to discontent and a loss of credit. Hence, Aschlin and Iggström portrayed themselves as servants of credit.

Conclusion

To conclude, the establishment of the Debt Office in 1719 show that it was relatively easy to set up the organization since the new organization basically used the available clerical expertise that had been established in another organization and by the former political regime. The clerical staff maintained their positions and many of their tasks. Thus, when looking at the transition from absolute monarchy to parliamentary rule from the perspective of the clerical staff in the Debt Office, the change was not great. It was rather very unproblematic and smooth. This case therefore offers another perspective on regime change than what is

usually emphasized in new institutional economics with its emphasis on the role of formal political institutions. Instead of only examining the distribution of power between the sovereign and the elected assembly, and the ability of the assembly to control the sovereign's actions, we should focus more on how the administrative capacity of the state affected the implementation of key decisions, such as how the existing public debt should be handled.

The knowledge and expertise that the administrators provided ensured that the Debt Office functioned, even though the work load could be heavy and there were tensions between the officials. The experience and clerical skill that the administrators provided gave them a relatively strong bargaining position within the organization. The administrators' role as intermediaries also helped to establish the organization as a functioning actor in the financial markets, and to facilitate the transition from one debt system to another. However, the existing secondary market for government debt and the profits that could be made by trading with discounted financial instruments created strains between different goals of the Debt Office. On the one hand, it was deemed important that the office should facilitate transactions and not create hurdles for actors to participate in the market. Thus, the smooth running of the market strengthened the reputation of the Debt Office and in extension the Swedish state's credit. The officials' actions could support this goal by quickly expediting claims, but also by accepting private commissions. On the other hand, it was stressed that the officials should not become so involved in the market that they spent more time earning commissions and assisting other actors than working with the ledgers at the Debt Office. If they became too integrated in the market as intermediaries or traders, the officials' motives could be questioned, which risked to undermine the Debt Office's position as an unbiased overseer of the market. The governors feared that narratives focusing on how the office's officials earned "unjust" profits from utilizing insider information and the desperate situation of creditors would seriously hurt the Debt Office and the Swedish state's credit.

The governors tried to balance between administering a well-functioning market and preventing the office's officials to become too involved in the market. The profits that could be made from buying and selling government debt instruments, and the involvement of the office's officials in these activities, raised moral and political concerns and moved the governors into a position where they wanted to regulate and limit the market participation of the officials. Thus, rather than being intimately connected to the existing networks of credit in Stockholm the officials should be detached and unbiased servants of credit in the realm. The officials tried to resist this attempt to redefine their role by arguing that they could combine their different tasks without any conflicts of interest. All of this show how important the

bookkeepers, clerks and accountants were for the functioning of the government's financial system and how important credit had become for the Swedish state.