

ANDERS PERLINGE

Private Wealth and Debt in Stockholm of the Nineteenth Century

Stockholms Enskilda Bank Revisited



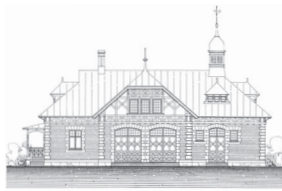
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ABSTRACTS

THE RESEARCH QUESTION for the first study covers an unexplored area in the financial history of the capital: What did the private credit market look like when Stockholms Enskilda Bank was established in 1856, or in 1855–1859? The bank enjoyed a successful start, suggesting that its business plan suited Stockholm investment needs in competition with the private sector's promissory note market.

The study uses the method of the project *Informal Financial Markets in 19th Century Sweden. Estimates based on Microdata*. That has generated successful results by looking at provincial towns and rural areas based on inverted mortality rates for different age groups in order to interpret the assets and liabilities reported in probate inventories as a means of describing various demographics.

A theoretical inspiration was Thomas Piketty's much debated discussion (2014) based on a large empirical dataset in which he posits the "law of inequality" whereby capital returns are greater than economic growth in societies with small GDP increases and limited demographic change.

This claim has been confirmed for Sweden with the sole objection that collective available capital was lower than in France or Great Britain, though rather like the United States, albeit due to widespread poverty before industrialisation rather than a short national history. The return from capital during the entire period until mid-1800s was markedly greater (approximately 6%) than general economic development (less than 0.5%). This made an impact on the way individuals chose to establish wealth and pass it on to future generations rather than consume it. There is a noticeable contrast to the current situation in Sweden, since October 2014, with zero or even negative, both normative and real, interest rates.

THE SECOND STUDY proceeds from the former, which examined the financial situation of households in Stockholm when the first private commercial bank was founded in 1856. It concerns an unexplored area of the capital's financial history: What was the private credit market like during the transitional period until the 1870s?

The new focus is on the interplay between individuals and old and new institutional players in 1876–1880. The research questions touch upon the process of institutionalisation and demographic change: How did interpersonal relations affect the composition of financial assets, and what impact had economic development on both the private and institutional credit markets? Two areas of special interest are the small Jewish business community in Stockholm and the wealth of unmarried women, who represented a substantial percentage of the city's inhabitants.

Credit market trends from the 1850s to the 1870s indicate that the private sector served as a trade barometer with intrinsically slow progression and a channel of communication to the banking industry. Private operators in the 1870s nevertheless still played a decisive role, absorbing and passing on available capital while new institutions avoided open competition with that sector.

Smooth Operator with Fortunate Timing

Personal Credit and Wealth in Stockholm When Establishing the First Private Commercial Bank, with a Spotlight on the 1857 Crisis

THIS STUDY of the economic history of Stockholm stems from a project financed by the Swedish Foundation for Humanities and Social Sciences entitled *Informal Financial Markets in 19th Century Sweden. Estimates based on Microdata*. The overall aim of the project was to perform case studies of the private credit market in Sweden while offering a more conclusive sense of the scope and evolving structure of the national sector from 1800 to 1910. Estimates of the collective wealth of the households reflect the relative importance of financial assets and liabilities. Probate inventories represent the main source of data.*

The specific focus for Stockholm is the credit market in the benchmark years of 1805, 1845, 1865, 1880, 1900 and 1910. The purpose of the study is to describe the structure and environment of the credit market when Stockholm's Enskilda Bank, the first private commercial note-issuing institution, was established. Given that the bank enjoyed a successful start, it met the actual needs of citizens. Previous literature has not, however, closely examined the

* The author would like to thank Associate Professor Elise Dermineur and project manager Professor Emeritus Håkan Lindgren, Stockholm School of Economics, as well as other participants in the *The Financial Dispositions of the Households in the Pre-Industrial Nordic Countries* workshop in Uppsala on 12–13 June 2017; Christopher Pihl, PhD, Uppsala University, during the 12th Swedish Economic History Meeting in Stockholm on 12–14 October 2017, along Professor Emeritus Göran B. Nilsson, Lidköping, and Professor Emeritus Ulf Olsson, Gothenburg, for their comments on a previous version of this study. The research was financed in its entirety by the Foundation for Economic History Research within Banking and Enterprise.

more general atmosphere in which it emerged.¹ How was the credit market structured at the time?

This study estimates the finances of Stockholm households between 1855 and 1859 based on debt and inherited wealth.² The results of the estimates are used to better understand individual behaviour in the credit market with a focus on the motives of rentiers, inspired by Thomas Piketty's general observations of his own and earlier research, however, much debated.

According to Piketty, the preconditions for private capital accumulation until the second half of the nineteenth century were slow population and economic expansion. Demographic growth in Stockholm was rapid, but its economy had long stagnated.³ Piketty applies the "law of inequality" to this era. When the economy grows by less than 1% a year, return on capital is normally higher at 5–6%.⁴ He describes the correlation as $r > g$. The phenomenon, which is more a matter of historical experience than a self-evident truth, has profound implications for everyday life. Inherited fortunes are then a powerful catalyst of economic inequality and wealth accumulation by elite individuals or families. Capitalists need only to reinvest 20% of annual return to ensure its growth over time. When this capital is great enough, it can be more important than wages. Today, there is a rather forgotten situation with negative nominal interest rates. During the nineteenth century, interest on money borrowed in the private credit market promoted capital accumulation.

1. The relationship between the deposit policies of Stockholms Enskilda Bank and the new mortgage institution terminable debentures have been discussed, along with the new customers, such as women and guardians, who deposited their money. Before the rise of banks, the private credit market was the natural way of earning a return on capital. No study has been devoted to the private credit market in Stockholm when Stockholms Enskilda Bank was established. See Nilsson 1981, 348–351, and Nilsson 1984, 397.

The early success of the bank can be illustrated by the development of deposit and current accounts. 1856: 778,000 (started on 15 October 1856), 1857 2,868,000, 1858: 9,423,000, 1859: SEK 7,865,000. As result of the higher, variable interest rates, deposit accounts were immediately of greater importance to the public. Gasslander 1962, 45ff, and Tab. 3.

2. Accumulated capital might refer to effective capital stock in the form of banknotes and coins or capital in the form of credits or claims, such as promissory notes and deferred payments for goods. The latter may increase without the former, because goods can be subject to advances. Thrifty savers take advantage of both cash and claims. *Finanskommitténs av 1858 betänkan*, 69ff. See Flodström 1910; Lindgren 2002; Lindgren 2021, 9; Perlinge 2017a for the estimate method. A special note on the sources appears on p. 30.

3. Piketty 2014, 25ff. Regarding the economic stagnation of Stockholm until the 1850s, see Söderberg, Jonsson & Persson 2002. See estimated private gross wealth trends in 1820, 1850 and 1855, Table I:1.

4. Swedish economic growth was less than 0.5% until 1850 and 1.5–3% afterwards. Waldenström 2017, 288. Data on returns on private equities and governmental bonds, short-term interest rates etc. Waldenström 2014, fig. 6.6, p. 246, fig. 6.8, p.249, tab. 6.3, p. 251, tab. A6.9, p. 283.

Indeed, hunting for better interest rates even made some women wanting to become declared incapacitated, during periods when banks offered less interest than the Stockholm City Chamber of Guardians.⁵

This connection is obvious to those who observe local power structures and hierarchies, along with the opportunities and restraints they represent.⁶ The decisive question is why individuals chose to retain capital instead of consuming it. Among the factors that influence behaviour are impatience and prospects for the future such that return on capital has historically been 5–6%.

Individual savings behaviour cannot be summarized in a single parameter, Piketty says. Additional explanatory factors are caution related to lifecycle considerations, as well as the status that wealth brings, how assets are passed on, safety, prestige and power.⁷ Choices are based on the social and institutional environment, family strategies and the restrictions that social groups place on themselves. Individual, psychological and cultural factors also come into play.⁸

An important addition to Piketty's observations of France, Germany, Great Britain and the United States is a study by Ohlsson, Roine & Waldenström of inherited wealth in Sweden from 1810 to 2010. Sweden had approximately half the amount of other European countries but was on almost the same level as the United States. The reasons were different. Sweden still experienced a great deal of poverty. One result was relatively large foreign capital imports during the industrialisation process.⁹ No study of private credit markets and wealth accumulation in Sweden can ignore the question of capital. The Stockholm economy was not growing at the time. The banking sector suffered until the city introduced more capital-intense activities in the 1850s and 1860s and the credit market became more institutionalized.

As indicated, Piketty's interpretations and not least political suggestions have been under debate. A fierce opponent is Paul Schmelzing, who also

5. Corin & Rundquist 1956, 61; Ighe 2007, 136; Piketty 2014, 25ff, 30, 244ff, 350f, 361. In the case of public foundations, 20% of annual returns should be reinvested to ensure volumes a small, annual increase in potential grants. Perlinge 2017b, 78.

6. Piketty 2014, 2.

7. Piketty 2014, 399f.

8. Piketty 2014, 358ff.

9. Ohlsson, Roine & Waldenström 2014, 2ff; Waldenström 2017, 287, 292ff. Estimating the volume of private foreign capital imports to Sweden stumbles across the obstacle of assessing short-term bills of exchange. Because they had presumably been resolved before bankruptcy records or probate inventories were set up, they are not fully visible. A study of Helsingborg in the 1840s and 1870s suggests that estimates of foreign private claims may have to be increased by up to one-third, i.e., estimates of claims are generally lower than those of debts due to the absence of lenders. Perlinge 2021.

has been studying historical evidence about global real interest rates. His conclusion is that there has been a long-term downward trend in real interest rates since the medieval period, and that there have been several occasions also with negative real interest rates. Thus, the return of capital has not been uninterruptedly strongly positive as Piketty suggests. Apart from that, even if Schmelzing possibly is right, contemporaneous people might perhaps not have observed that rather slow downward trend.¹⁰

Ingemar Nygren's study of the national credit market from 1820 to 1875 outlines the peculiarities that characterised introduction of modern financial institutions. Progress arose from competition between private markets and these new phenomena. Both the private and institutional credit markets served as avenues of communication. They alternated in their ability to attract investment capital.¹¹ The private market could generally offer higher interest than the banks; brokers did not need to distinguish between the rates for deposits and lending because they could compensate through fees or selling other financial services. Thus, they could mobilise capital without heeding the 6% annual ceiling. The international financial crisis of 1857 eliminated that limit.¹² The private credit market (noninstitutional borrowing and lending between individuals) predominated in the cities until it encountered competition by savings or commercial banks.¹³

The banks faced difficulties expanding in the credit market. Before the 1850s, only the savings banks and the National Bank provided institutional credit in three largest cities of Stockholm, Gothenburg, and Malmö.¹⁴

Establishment of Stockholms Enskilda Bank incorporated the private credit market sector in Stockholm, substantially contributing to the credit expansion of the banking industry. The new bank quickly absorbed deposits from the capital flows with variable interest rates and accounts subject to notice as instruments of control.¹⁵

10. Schmelzing 2020, 1, 74.

11. Nygren 1981, 14ff, 48, 79.

12. Gasslander 1962, 46; Nygren 1981, 56. Legislation followed in 1863.

13. The Financial Committee of 1858 observed that the population had grown from 1834 to 1858 but the supply of banknotes and coins had remained the same. In other words, credit capital had gained in importance and was adequate to serve the needs of Swedish trade and industry, while the velocity had accelerated at Stockholms Enskilda Bank, etc; 1856/7: 124, 1858: 215, 1859: 317 (SEK million). *Finanskommitténs av 1858 betänkande*, 94, 94*.

14. Nygren 1981, 38f, 44. This assertion obviously refers to the banking sector. Stockholms Stads Brandförsäkringskontor, Allmänna Brandförsäkringskontoret and other fire insurance companies were also vital creditors for homeowners. Almqvist 1921; Åmark 1932.

15. Nygren 1981, 71. Deposits with the 8–12 largest commercial banks increased from SEK 4.7 to SEK 18.0 million between 1855 and 1860. Nygren 1981, 65.

The business concept of the bank was to call part of the effective interest rate for lending a commission and credit fee. Lending was to consist primarily of discounted bills of exchange to which legal restrictions on interest rates did not apply. To be competitive with the private credit market, the bank did not generally lend against promissory notes. After a few years of this kind of lending, the customer had to issue a guarantee through a bill of exchange with the same maturity as the actual loan. The idea was to encourage prompt payment, a problem in the private sector. Besides being better than savings and other banks, terms were public and equitable, including payment of variable interest on pre-established dates. Banks assumed and lowered the risks of its customers.¹⁶

Commercial banks had previously viewed deposits by the public as a losing proposition. They preferred to issue their own private banknotes and rely on foreign capital imports. The rates offered to depositors did not attract the business of individuals. When demand for credit declined, deposits by capitalists expanded commensurately. During periods of rising demand for credit, the private promissory note market and terminal debentures of mortgage institutions offered better rates of interest and less bureaucracy than banks.¹⁷

The emergence of Stockholms Enskilda Bank marked a permanent shift from dependence on private banknotes, which obstructed more effective bank competition with the private promissory note market by promoting imbalances in lending, causing credit to be recalled on short notice when liquidity was squeezed. This dynamic is key to understanding the long-term stagnation of credit services by the commercial banks for decades. Stockholms Enskilda Bank did not terminate deposits but invested them to generate return.¹⁸

Stockholms Enskilda Bank was founded on the basis of new deposit concepts. The problems experienced by private banks when issuing banknotes were avoided, improving the elasticity of the institutional credit system. The rapid success of the bank was due to capital flows in search of a safe haven: Stockholm in 1856.¹⁹

16. Göran B. Nilsson make use of Franz Ritzman's functional analysis. Nilsson 1981, 351f.

17. Nygren 1981, 54f.

18. Gasslander 1962, 46; Nygren 1981, 52.

19. Lilja 2010, 48; Nygren 1981, 57. A. O. Wallenberg opened the bank at a particular time and as a specific type of legal entity due to political considerations rather than deliberate intention.

PURPOSE

The purpose of this study is to proceed from the sources and methods of the national project to examine the structure and environment of the credit market in Stockholm when Stockholms Enskilda Bank was established in 1856. The period from 1855 to 1859 is used to ensure more robust estimated averages. An empirically based survey has never been performed before in accordance with these methods. How well did the business concept of A. O. Wallenberg match the private credit market in the city? How did individual rentiers behave? Can Thomas Piketty's notions of capital accumulation by which returns were greater than economic growth offer a deeper understanding? The purpose of the study is to explore the breakthrough of modern commercial banking in Sweden by means of new methods that better identify the interplay between the institutional and private credit markets. This dynamic became decisive during this period. What fuelled the transition from the old system to a new one?

Composition of wealth and how it changed after the 1857 financial crisis

The main results of this study are summarised in Table I:1 (pp. 16–17). The table presents the aggregate totals based on estimates of assets and liabilities for single years and as 3, 4 and 5-year averages as assigned to various categories. A similar calculation for Stockholm performed with similar methods by Lili-Annè Aldman in 1800, 1820 and 1850 is also offered (Aldman 2017), as well as by Per Hallén for Gothenburg in 1860 (Hallén et al. 2015). Comparisons with data concerning national institutional lending have also been made for certain years (Nygren 1981, 1985).

The overview of the credit market in Stockholm from 1855 to 1859 is most striking for 1856 and 1857, reflecting the international financial crisis that arose at the end of the period. Originating in the United States, it exploded when insurance companies cancelled payments in late August.²⁰ An economic boom in 1856 grew out of expectations spurred by the Crimean War, which had stimulated the economy despite Swedish neutrality. The price of corn and

20. This summary of the 1857 crisis is based on Hedlund-Nyström 1970, 11–48; Fridlitzius 1981, 421–426; Nilsson 1984, 344; Nilsson 1989, 9–33; Nilsson 2005, 190–195, Edvinsson 2010, 413. See Note 24. Magnus Andersson, who investigates early banking in Sweden from the 1850s–1920s, passes the 1857 crisis without much comment. Andersson 2021, 14–15.

other exports had risen, while trade with Russia through Finland flourished in the wake of a Western blockade. Hopes of reconquering Finland and parts of Denmark encouraged nationalist fervour.

Though there had been indications of a financial squeeze during the year, not until autumn 1857 did it fully manifest. Both the public and private credit markets sailed along as normal until that point, leading to speculation in real estate and imported goods. Suddenly British banks and trading houses cancelled their payments, and their German counterparts were about to follow suit. This was interpreted as a symptom of abuse of in blanco credits under the terms of trade of the war and the excessive supply of capital. Foreign agents travelled around Sweden offering such credits, but many wholesalers and tradesmen had paid for their foreign imports with purchased bills of exchange, which were on the verge of being worthless.

As a result of imports, the net balance of trade declined by SEK 20 million between 1855 and 1856, draining the silver reserves of Rikets Ständers Bank and its circulation of banknotes. Along with the state of the international corn market and real estate speculation, this had a greater impact on Sweden than developments at foreign banks or trading houses. The 1857 crisis was a short-term financial squeeze, and the situation started to stabilize in late 1858.

Given the method that was used for estimating assets and liabilities in Stockholm, the table illustrates trends rather than volumes associated with the 1857 crisis. No overview of this kind has been presented previously.

From an overall perspective, the rise in real estate values between 1855 and 1856 from SEK 54 to SEK 89 million (+65%) is conspicuous.²¹ Thus, the cash supply was ostensibly constant throughout the period. The de facto increase, however, was from SEK 3.8 to 6.2 million (+63%) on the back of inflated asset values. Moreover, the component of financial assets averaged a rather high 50%. The corresponding figure for the UK was an estimated 39% in 1850.²²

The crisis impacted the institutional banking sector most powerfully. Lending from banks and other credit institutions declined from SEK 43.8 to 9.9 million (-78%). The private credit sector was also affected: promissory

21. The estimates proceed from inherited wealth based on the inverted mortality rate of each demographic in view of age. Probate inventories account for the household's assets, but real estate only for the portion owned by the deceased. Private real estate in Stockholm in 1858 has been estimated at SEK 100 million, nearly 43% of the entire country. *Finanskommitténs av 1858 betänkande*, 32. Estimated volumes of these real estate values have not been adjusted here; personal property is subject to the same problem. For foreign liabilities, see Note 9.

22. Michie 1999, 71.

TABLE I:1. Comparative Estimates of Financial Assets and Debts in Stockholm and Gothenburg, and partly for Sweden, 1800–1860 (SEK, current prices).

STOCKHOLM / GOTHENBURG / SWEDEN YEAR(S)	STHLM 1800	STHLM 1820	STHLM 1850	STHLM 1855	STHLM 1856	STHLM 1857
GROSS WEALTH, INCL. BAD DEBTS	122 573 888	178 156 367	179 158 877	174 204 477	266 449 570	176 238 572
of which real estate (owned part, ratable values)	41 180 348	49 980 851	43 659 198	53 820 616	89 119 508	60 341 980
of which movables (at valuation prices)	20 258 014	13 081 259	22 065 310	19 532 292	57 239 413	22 773 495
of which cash	2 969 217	3 809 279	2 602 718	3 825 504	6 228 859	3 634 945
share of gross wealth	2,4%	2,1%	1,5%	2,2%	2,3%	2,1%
OF WHICH CLAIMS						
Private promissory notes (IOU's)	21 677 891	44 879 497	46 472 050	47 550 381	43 627 866	36 692 218
Deferred payments for goods	15 451 790	10 506 153	20 211 232	7 532 709	40 896 293	25 050 736
Foreign, incl. life assurances	0	0	0	2 779 521	391 517	1 025 886
Banks	517 460	2 871 944	2 792 016	1 092 144	1 556 003	1 802 137
Other institutional claims*	25 932 096	38 474 791	39 247 909	29 436 916	7 010 416	13 862 190
Securities (nominal values incl. yields)	204 532	4 744 278	1 124 367	3 455 677	9 234 114	3 873 392
Bad debts	12 141 406	12 680 259	3 804 806	5 178 716	11 145 581	7 181 591
SUM	75 925 175	114 156 922	113 652 380	97 026 064	113 861 790	89 488 150
share of gross wealth	62%	64%	63%	56%	43%	51%
DEBTS						
Private promissory notes (IOU's)**	15 422 196	41 039 740	38 701 844	28 238 179	45 848 427	31 199 988
Deferred payments for goods	9 471 710	9 620 344	14 303 703	13 666 544	61 026 966	31 557 462
Foreign (deferred payments for goods)	0	0	0	551 549	14 466 764	1 892 645
Banks and other institutes	942 910	6 487 440	4 851 847	17 320 246	43 760 321	9 827 736
SUM	25 836 816	57 147 524	57 857 394	59 776 518	165 102 478	74 477 831
share of gross wealth (debt quota)	21%	32%	32%	34%	62%	42%
Total lending of credit institutes	n/a	n/a	61 000 000	151 000 000	163 000 000	175 000 000
Stockholm/Gothenburg share	-	-	8%	11%	27%	6%
Financial net	50 088 359	57 009 398	55 794 986	37 249 546	-51 240 688	15 010 319
Net wealth	96 737 072	121 008 843	121 301 483	114 427 959	101 347 092	101 760 741

SOURCES: Aldman 2017 (unpublished study); Hallén et al. 2015, 176, tab. III:3; Nygren 1981, 11; Nygren 1985, 140, tab. 2a, 3a; Perlinge, this study.

COMMENTS: The total lending from Sweden's credit institutes is extrapolated, 1856–1859, 163/175/187/199 MSEK. n/a = no data available. In this table there is no elimination of extreme individual values regarding Stockholm, except for 1820, which may affect the variations of the estimates. Compare Aldman, op. cit.; Hallén et al., ibid.

STHLM 1858	STHLM 1859	STHLM 1855-57		STHLM 1855-58		STHLM 1855-59		GBG 1860	
		average	share	average	share	average	share	average	share
146 236 615	162 716 131	205 630 873	100%	190 782 309	100%	185 169 073	100%		
38 650 586	49 939 722	67 760 701	33%	60 483 173	32%	58 374 482	32%		
22 708 336	29 413 991	33 181 733	16%	30 563 384	16%	30 333 505	16%		
3 825 412	4 334 142	4 563 103	2%	4 378 680	2%	4 369 772	2%		
2,6%	2,7%	2,2%		2,3%		2,4%			

41 525 245	35 823 553	42 623 488	43%	42 348 928	44%	41 043 853	45%	21 468 259	94%
8 010 216	17 632 567	24 493 246	24%	20 372 489	21%	19 824 504	22%	117 095	1%
2 164 548	446 321	1 398 975	1%	1 590 368	2%	1 361 559	1%		
2 465 566	3 840 456	1 483 428	1%	1 728 963	2%	2 151 261	2%	1 133 000	5%
12 606 689	9 706 993	16 769 841	17%	15 729 053	16%	14 524 641	16%		
3 081 049	4 317 116	5 521 061	6%	4 911 058	5%	4 792 270	5%		
11 198 968	7 261 270	7 835 296	8%	8 676 214	9%	8 393 225	9%		
81 052 281	79 028 276	100 125 335	100%	95 357 071	100%	92 091 312	100%	22 718 354	100%
55%	49%	49%		50%		50%			

27 849 588	32 965 516	35 095 531	35%	33 284 046	37%	33 220 340	38%	16 794 516	42%
16 950 185	22 951 584	35 416 991	35%	30 800 289	34%	29 230 548	34%	4 903 609	12%
1 159 158	1 641 854	5 636 986	6%	4 517 529	5%	3 942 394	5%		
13 483 931	18 043 462	23 636 101	24%	21 098 059	24%	20 487 139	24%	18 515 673	46%
59 442 862	75 602 416	99 785 609	100%	89 699 922	100%	86 880 421	100%	40 213 798	100%
41%	46%	49%		47%		47%			

187 000 000	199 000 000	163 000 000		169 000 000		175 000 000		211 000 000	
7%	9%	15%		12%		12%		9%	

21 609 419	3 425 860	339 726		5 657 149		5 210 891		-17 495 444	
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86 793 753	87 113 715	105 845 264		101 082 386		98 288 652		n/a	
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* The high estimate of other institutional claims in 1855 refers to the Sterky family's large claim on its own trading company, which adds a contribution to the estimate of more than 21 mn SEK (2,736,009 SEK × 7,72). Stockholm figures on 1800, 1820 and 1850 refer to stock-in-trade.

** The Stockholm figures on 1800, 1820 and 1850 include cash credits.

note debts fell from SEK 45.8 to SEK 31.2 million (-32%)²³ and deferred payments for goods from SEK 61.0 to SEK 31.6 million (-48%). Foreign credits plunged from SEK 14.5 to SEK 1.9 million (-87%).

Before the economic boom of 1856, the table shows a rapid increase of Swedish deferred payments for goods from SEK 7.5 to SEK 40.9 million (+443%), while bad debts on accounts rose from SEK 5.2 to SEK 11.1 million (+113%). Meanwhile bank deposits steadily increased, albeit with a shift from Stockholms Stads Sparbank to Stockholms Enskilda Bank.²⁴

Heavy speculation in goods is reflected with respect to liabilities for the same period. Swedish credits in the form of deferred payments for goods increased from SEK 13.7 to SEK 61.0 million (+345%), while the foreign counterpart rose from SEK 0.6 to SEK 14.5 million (+2317%). Notwithstanding asset growth in 1856, net financial items declined to SEK -51.2 million.

The debt quota (including negative wealth) averaged 47% for 1855-1859 as a whole and 62% during the 1856 boom. Financial assets averaged 50% of wealth before debts, but real estate and personal property values represent underestimates.

The table indicates that modernisation of the credit market was faster in Stockholm than Gothenburg. The share of private promissory note claims was 94% in Gothenburg and 45% in Stockholm. Inclusion of deferred payments for goods reduces these trends: 95% in Gothenburg and 67% in Stockholm. Citizens of Gothenburg borrowed more from banks (46%) than Stockholm (24%), but volumes were approximately the same at SEK 18.5 and 20.5 million respectively. The share of national institutional lending differed very little between the two cities: 9% in Gothenburg and 12% in Stockholm. Stockholm's share was an exceptional 27% in 1856. Founded in 1848, Göteborgs Bank quickly gained in importance alongside of Rikets Ständers Bank's Loan Office.²⁵ Stockholm figures are based on the average in 1855-1859 and Gothenburg's on the benchmark year of 1860. Only households, no businesses or other legal entities, are included.

The 1857 crisis made individuals more likely to borrow from banks going

23. In the rural parish of Vånga in southern Sweden, the 1857 crisis appears to have spared the promissory note market. Perlinge 2005, 76f, and Graph 1.

24. The Financial Committee of 1858 offered no explanation for the higher deposits, although Rikets Ständers Bank added liquidity with foreign credit of SEK 12 million. *Finanskommitténs av 1858 betänkande*, 114f. This government intervention reflected a key institutional development. Hagberg 2007, 15f.

25. Hallén, Aldman & Fritz 2015, 72, 87, 176. National institutional lending is extrapolated for 1856-1859.

forward. The banks were able to apply interest rates more flexibly in the wake of the crisis.²⁶ In 1858–1859, lending increased from SEK 13.5 million to SEK 18.0 million (+33%) for banks and SEK 27.8 million to SEK 33.0 million (+19%) for private promissory notes. The trend of 1856 when both sectors were approximately SEK 44 million had not persisted. That level would not be surpassed for several more years. Greater credit-giving prudence among wholesalers and tradespeople was integral to this development.²⁷

Financial assets and rentiers

OPERATORS IN THE PRIVATE CREDIT MARKET

This study analyses the structures and conditions of the private credit market. The infamous Johan Holm and other brokers represented a small but important group of creditors. Probate and other records of their activities are few and far between. Per Hallén's pioneering study of Gothenburg in the 1800s demonstrated their key role. They served as intermediaries between individuals with available capital and potential borrowers.²⁸

Hallén refers to them as the “invisible link.” Gothenburg appears to have the most complete documentation of their efforts. Along with probate inventories and bankruptcy records, the documentation shows that approximately 10 brokers were active in the private credit market. Before the 1870s, they lent up to SEK 0.5 million annually.

Holm declared bankruptcy in 1865, SEK 17.5 million in debt. His sprawling empire targeted manufacturers, including speculation in the foreign corn trade and bill jobbing.²⁹

In addition to the brokers, Jewish entrepreneurs and businessmen played an important role in Stockholm. Though they were few in number, their international networks significantly impacted the financial industry.

BIG LENDERS, SMALL SPENDERS

Approximately 52 probated households had large claims in the private promissory note market, half of which exceeded SEK 100,000. The distribution levelled out just prior to the financial crisis of 1857–1858. The proportion of

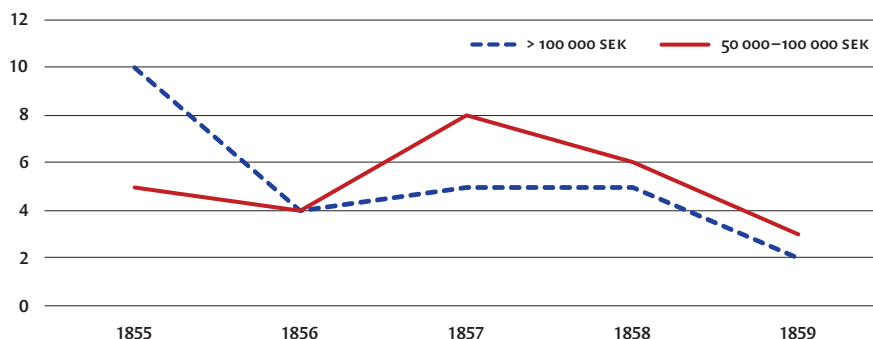
26. Fridlitzius 1981, 431, 434, 436f.; Nygren 1983, 32ff.

27. Gratzner 2008, 48f.

28. Hallén, Aldman & Fritz 2015, 215–241.

29. *Svenskt Biografiskt Lexikon*, vol. 19, 214.

GRAPH I:1. The Number of Private Promissory Note Lenders in Stockholm > 50 000 SEK, 1855–1859.



SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1855–1861, vol. F1A:566–590; Dödslistor 1855–1859, vol. E11e1:184–193 (SSA).

the largest claims continued to decline until 1859. Inclusion of data from all available probate inventories offers a kind of indicator even if accidental deaths may skew the results (see Graph I:1).

The larger creditors each owned one or more properties in the city. Nineteen of them were upper class and seven middle class. Fourteen households with smaller claims were upper class and twelve middle class. Most of them were either married or widowed, but there were also nine unmarried individuals among this key group of creditors in the private credit market.

The biggest private creditors in the promissory note market normally held a very large share of their wealth in this form even though they were not brokers or other city council officials. They were ordinary people except for the amount of capital they owned. The downward trend in large probated creditors until 1859 suggests that they preferred deposit accounts at banks. They earned less interest but minimised transaction costs and risk-taking.

JEWISH ENTREPRENEURS IN STOCKHOLM

Like Stockholm itself, Jewish entrepreneurs are part and parcel of Swedish financial history. A total of 309 men and 353 women, or 0.86% of the city's citizens, were registered as Jews in 1855.³⁰

In the 1850s, they accounted for virtually the entire Jewish population of Sweden and 0.025% of its citizens. As forerunners of the first wave of immigrants from Tsarist Russia, they were almost exclusively Western and had been well established since the late eighteenth century. A number of them

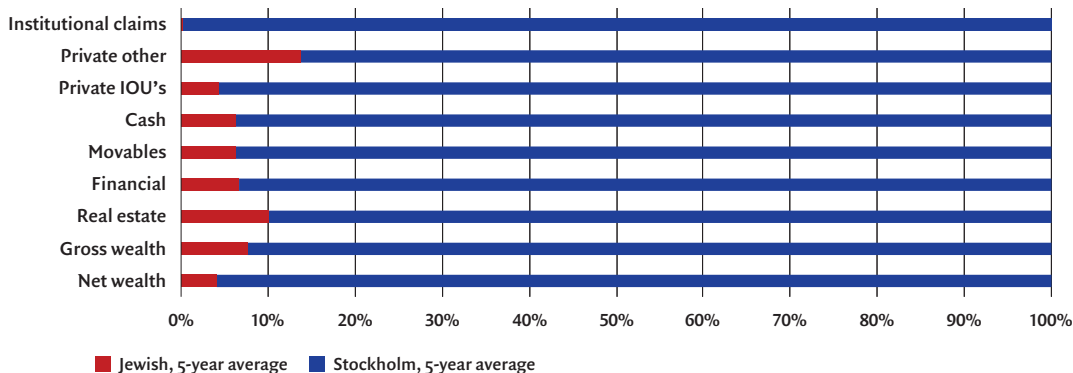
30. Tabellverket, Folkmängdstabeller 1855, vol. E3A:35, pag. 4v (RA); Carlsson 2021, 80–107.

were financially well-off and culturally sophisticated. They were viewed both as a tangible asset because of their international business networks and with suspicion due to anti-Semitism. They had long seen themselves as Swedes first and Jews second.³¹

Their small numbers notwithstanding, they played a prominent role in the financial life of the city. Forty of the 270 wholesaling firms doing business in the late 1860s were owned by Jews. Abolition of the Jewish Regulation in 1838 and subsequent reforms, particularly full emancipation of men in the early 1870s, made it much easier for them to operate. Swedish Jews had long pursued business ventures subject to the constraints placed on them by society. They specialised in commission and wholesale enterprises, as well as private lending, drawing on their European networks and expanding the credit market in Stockholm.³²

Among the probated deceased in 1855–1859 were 33 Jewish households, 14 of which were upper class, 18 middle class and one lower class. Ten of them owned real estate in Stockholm, 11 were wholesalers or factory owners, two were well-known for their patisseries, six were tradesmen, five were commercial bookkeepers and seven pursue other occupations. Two of them were unmarried women. Only one held equities, bonds or other securities. Estimates of the assets and debts of Jewish businesspeople can be compared to general 5-year averages for the entire city.

GRAPH I:2. The Jewish Business Circle’s Estimated Share of Total Assets in Stockholm 1855–1859.



SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1855–1861, vol. F1A:566–590 (SSA).

31. Bredefeldt 2008, 25, 49, 52.

32. Bredefeldt 2008, 32f, 48f, 59, 61.

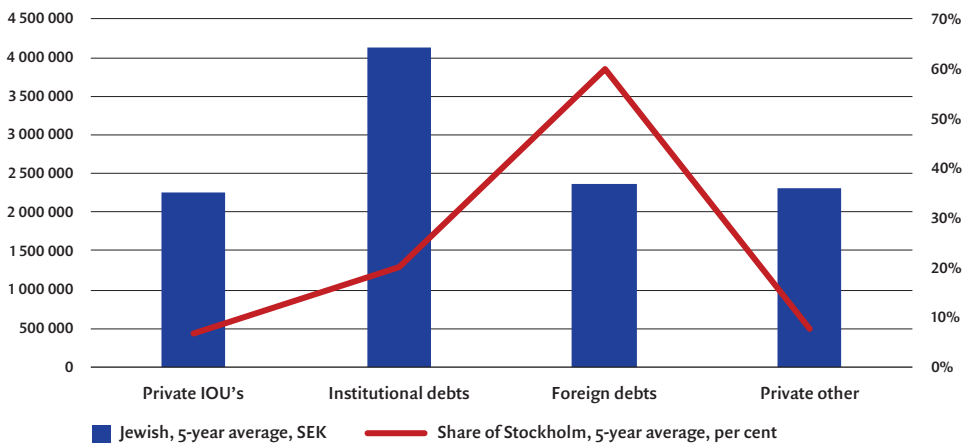
Jews owned 8% of total wealth and 11% of real estate values (see Graph I:2). They held 4% of total wealth after debts. Jewish households had 7% of financial assets, cash and personal property, 16% of deferred payments for goods and 4% of private claims based on promissory notes. These percentages were clearly disproportionate from a pro capita point of view. Their share of institutional claims with banks and other institutions was nevertheless negligible.

More strikingly Jewish businessmen represented 20% of the clientele of fire insurance companies and other credit institutions in their capacity as real estate owners (see Graph I:3). Private promissory note debts totalled 7% and deferred payments for goods 8%.

Their share of foreign debts was an astounding 60%. The estimates, however, are based merely on 33 probate inventories, two of which accounted for SEK 2.2 million of the total SEK 2.4 million. Philip Abraham Jacobsson in Klara Parish and tradesman Bernhard Nachman in Södermalm were behind those large holdings.³³

The single wealthiest household was headed by Lieutenant Johan Isac Elliot.

GRAPH I:3. The Jewish Business Circle's Estimated Share of Debts in Sockholm, 1855–1859.



SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1855–1861, vol. F1A:566–590 (SSA).

33. Stockholms Rådhusrätts arkiv, Bouppteckningar 1856 (Henriette Eliasson, wife of wholesaler Philip Abraham Jacobsson), vol. F1A:576, no. 26; Bouppteckningar 1857 (Julie Nachman, née Kahn, wife of tradesman Bernhard Nachman), vol. F1A:575, no. 329 (SSA); Register till Stockholms stads mantalslängder 1855.

The Jewish influence on the private financial sector, not so much observed in research literature, thus was more conspicuous than it was visible in the formal banking sector. Cf. Carlsson 2021, 121.



Portrait of industrialist Salomon Ludvig Lamm (1786–1857) with his sons Jacques and Martin. Daguerreotype 1841 by Vaillat, Paris. Tekniska Museet, Stockholm.

As a military officer, he was far from typical of Jewish businessmen. Most of his fortune of nearly SEK 250,000 consisted of real estate in Klara Parish.³⁴

The second largest fortune before liabilities belonged to wholesaler and factory owner Salomon (Levin) Ludvig Lamm (1786–1857).³⁵ A second generation immigrant, he founded Heleneborg's cotton mill, a printing works and a candle factory, as well as introducing Sweden's first mechanical power loom in 1826. The following year he purchased the Långholmen Shipyard and subsequently grew the business.

34. Stockholms Rådhusrätts arkiv, Bouppteckningar 1856 (Charlotta Augusta Åkerlund, wife of Lieutenant Johan Isac Elliot), vol. F1A:570, no. 146 (SSA).

35. Lamm (1), *Nordisk Familjebok*, 2nd ed., vol. 15, col. 961f. Stockholm 1911; Lamm, släkt, *Svenskt Biografiskt Lexikon*, vol. 22, s. 199. Stockholms Rådhusrätts arkiv, Bouppteckningar 1857, vol. F1A:578, no. 91 (SSA). His son, Ludvig Lamm (1810–1891), became a board member of Stockholms Enskilda Bank in 1871 and Vice-Chairman in 1890. Cf. Carlsson 2021, 102ff.



Behrens' Schweizeri at Strömparterren in 1841. Fritz von Dardel (1817–1901), in *Svenska folket genom tiderna. Vårt lands kulturhistoria i skildringar och bilder*, vol. 8. Wrangel, Ewert, Gierow, Arvid & Olsson, Bror (eds). Malmö: Allhem 1939, 270.

In 1843, he opened the Ludvigsberg factory, which later became a textile and wooden processing facility.

Abraham Christoffer Behrens and Jacob Wilhelm Davidson, who owned patisseries, were also prominent in the city. Behrens was a court pastry cook and the founder of Garni, Stockholm's first hotel, on Drottninggatan in 1832. A few years later he opened a *Schweizeri* at Strömparterren close to the royal castle.

Wilhelm Davidson, an apprentice of Behrens, was also known as the Hasselbacken King due to a restaurant he had started. The Ludvigsro property had been purchased from Jewish factory owner Gustaf Michaëlsson and opened under its old name. Davidson accumulated a large fortune. When his wife Bernhardina, née Levin, died in 1859, their household assets totalled SEK 200,000. At his death in 1883, they had risen to SEK 1.5 million.³⁶ Davidson owned several properties in the city, including the Davidson Houses in Kungsträdgården, where Hôtel du Nord was built. Following its

36. Stockholms Rådhusrätts arkiv, Bouppteckningar 1859 (Bernhardina Davidson, née Levin, wife of Jacob Wilhelm Davidson), vol. F1A:588, no. 33 (SSA); Vennberg 1931, 339.



Wilhelm Davidson (1812–1883). Portrait by K. V. Nordgren 1852. Hôtel du Nord, April 1911.
Photo: Jane Edgren, *Idun* 1911:15, 233.

demolition in 1912, the site was set aside for the new headquarters of Stockholms Enskilda Bank.

Among other Jewish entrepreneurs worth more than SEK 100,000 were Nathan and Isaac Marcus. Isaac began his career as a foreman at Nathan's printing office in 1844 and started his own business in 1850, which became Isaac Marcus Bok-tryckeri AB in 1873.³⁷

Not everyone was so famous. Henriette Nathan, a widow, typifies the more anonymous holders of significant wealth. Edvard Lyon, a native German, died in 1826 and left her more than SEK 110,000.³⁸

The assets of many probated Jewish households were much more modest. Three of them had net liabilities, two in excess of SEK 10,000, while seven had net assets below SEK 1,000. The timing of the probate inventory offered part of the explanation. Or the deceased may have been a commercial bookkeeper, widow of a tradesman, an unmarried woman, etc.

37. Stockholms Rådhusrätts arkiv, Bouppteckningar 1855 (Nathan Marcus), vol. F1A:570, no. 73; Bouppteckningar 1859 (Johanna Marcus, née Hirsch, wife of Isaac Marcus), vol. F1A:586, no. 3 (SSA); Marcus, släkt. *Svenskt Biografiskt Lexikon*, vol. 25, 121.

38. Stockholms Rådhusrätts arkiv, Bouppteckningar 1857, vol. F1A:577, no. 36 (SSA).

FINANCIAL INVESTMENTS

The private promissory note market was not the only option for financial investment. Equities and bonds offered real capital growth at greater risk. They became more popular in the 1800s as industrialisation, trade and the financial markets expanded.

Nevertheless, they were still not commonplace for inherited wealth in the late 1850s.³⁹ Other studies suggest that gains from investment in capital were more important than new savings for real private wealth accumulation before 1910.⁴⁰

No more than 5% of probated adults owned these kinds of assets. Including cash, their share of total estimated financial assets was 3% of SEK 101 million in 1855, 8% of SEK 120 million in 1856, 4% of SEK 93 million in 1857, 4% of SEK 85 million in 1858 and 5% of SEK 83 million in 1859. Securities in Stockholm averaged SEK 5 million.⁴¹

Men and women displayed similar investment patterns. Generally age 60 and up, they owned securities that frequently focused on the transport and communication sectors. Unmarried women and widows were drawn more to debentures of mortgage institutions.

Investments were more diverse in Stockholm than in the rural areas of Skåne province in the south.⁴² From an international perspective, the holdings were insignificant. Extant sources from England and Wales indicate a figure of 20% for 1835–1869. Another estimate suggests that 27% of all UK assets in 1870 were financial securities.⁴³

While various demographic groups held such securities, the upper class dominated with approximately 60% of the total number while the middle class owned 40%.

These kinds of investments tended to be fairly small. The average value of securities acquired through inherited wealth was SEK 7,152 in 1855–1859. The

39. Green, Owens, Swan & van Lieshout 2011, 55. Georg Simmel, *Philosophie des Geldes* 1900/1907; English translation from the 2nd ed., Simmel 1991, 444.

40. "Before 1910, capital gains were the most important source of Swedish real private wealth growth, regardless of saving concept." Waldenström 2017, 295f, Tab. 1.

41. According to the Financial Committee of 1858, "capital sums invested in the funds of limited liability companies" were SEK 5 million or, 10% of the national total. *Finanskommitténs av 1858 betänkande*, 68.

42. Perlinge 2005, 76, 84, 101, 281 n. 13, 290 n. 188. Investments in railway shares were confined to five probate inventories in Vånga during the 1880s and 1890s. In addition, a bond investment was made in the Theatre Loan in Stockholm. *Ibid.*, 102.

43. Green, Owens, Swan & van Lieshout 2011, 66, Tab. 3.2; Michie 1999, 71.

per capita figure was SEK 65 in 1855. In other words, Stockholm holdings still reflected the private credit tradition at that point.

FEMALE INVESTORS

'Oh, of course. By the way, Anne has a hundred pounds in her pocket. Will you invest it for her?'
'Certainly. What does she fancy?'
'You'd better choose. She's not allowed to fancy more than four per cent.'
Maurice quoted a few securities.
'I'd like the last one,' said Anne's voice. 'I didn't catch its name.'
'You'll see it on the Contract Note. What's your address, please?'
She informed him.
'All right. Send the cheque when you hear from us. Perhaps I'd better ring off and buy at once.'

E. M. FORSTER ([1913–1914] 1971, 1987), *Maurice*, 134.

This scene from the posthumous novel *Maurice* by E. M. Forster, a sharp-eyed observer of the British upper class in the 1910s, illustrates the lack of economic freedom that women experienced. Whether married or not, they did not have access to their assets but were at the whim of a guardian or significant other. Widows enjoyed more freedom and could even take over the family business. Ironically, the Industrial Revolution set them back by barring them from leading management positions.⁴⁴

The situation was very much the same in Sweden. The proportion of unmarried women had been extremely high in Stockholm some sixty years earlier: 57.3% older than 15 in 1855, as opposed to 50.9% in other cities. They were primarily lower-class, a tendency that became more pronounced in the 1800s.⁴⁵ A longstanding Stockholm institution managed the assets of minors, as well as absent or unknown heirs, as real estate, personal property, cash or securities.⁴⁶

The Stockholm City Chamber of Guardians controlled the assets of unmarried women and released only the returns, which were often insufficient to ensure a comfortable life. Nevertheless, only very few women requested a

44. Moring & Wall (2017) conducted an important study concerning the economic of Continental widows in 1600–1920. *Ibid.*, 164.

45. Moring & Wall 2017, 30; Carlsson 1977, 27f, Tab. 6. Approximately 28,000 of the 42,831 women in Stockholm in 1855 were single.

46. Rudbeck 1899, 61.



A home for elderly middle-class women. The sickroom. Josabeth Sjöberg (1812–1882).
SSM 25833. Stockholms stadsmuseum/Stockholmskällan.

declaration of majority, a real option for those who wanted to start a business. The situation may have reflected the placid lives of the bourgeoisie: secure, financially stable and advantageous for women with sufficient wealth. This was also based on a diminished importance of the household male head in favour of current market conditions.⁴⁷ During this period, women unintentionally contributed substantial capital to the private credit market. Assets were invested through Rikets Ständers Bank and direct lending to men who offered real estate collateral.⁴⁸

47. Hinnemo 2016, 58; Ighe 2007, 39, 250. The legislation regulated the inherited wealth of unmarried women, particularly real estate, but personal property was subject to greater uncertainty. Acquired wealth was never liable to legal restrictions. Hinnemo 2016, 91–115; Liljewall 2013, 117–123.

48. Corin & Rundquist 1956, 46, 51. The main principle for lending was real estate collateral, normally by landowning nobility in the surrounding countryside. In 1880, outstanding claims amounted to SEK 4.3 million, more than 15% of which was invested in bonds or accounts at

Women who might be able to live on their returns were, however, few and far between. Among the wealthiest probated unmarried women in Stockholm from 1855 to 1859, only one had more than SEK 200,000, a second one more than SEK 100,000, another three more than SEK 50,000, another 11 more than SEK 25,000 and another 22 more than SEK 10,000. At 6% annual return, the last group would receive SEK 50 for monthly rent. They would have to earn additional wages in the manufacturing sector, needlework at home, etc. Approximately 85% were middle class and the rest upper class.

Many of them sought safe havens for their capital from which returns would be paid on preset dates. A. O. Wallenberg's personal belief in women's emancipation led him to promote interest-bearing accounts on their behalf. By 1859, Stockholms Enskilda Bank had 1,722 female customers. Manufacturers stood to gain from new borrowing opportunities.⁴⁹

Conclusions from the study of the 1850s

Nineteenth century Sweden remained a credit society in which interpersonal relationships were the primary source of capital growth. Stockholm did not differ very much from the rural areas in this respect. The largest lenders used the private promissory note market to turn their capital until interest-bearing assets. A substantial percentage of rentier wealth was in the form of private promissory notes, and their active search for interest, conservative and risk adverse, was consistent with Piketty's observations.

Jewish entrepreneurs and businessmen exercised a major influence on the financial market, primarily through capital imports through their European networks. These assets arrived in Stockholm as deferred payments for goods, and their lending on the promissory note market was also quite significant.

The short-term exogenous economic shock of 1857–1858 affected the private credit market less than the institutional one. Signs of transformed economic relations, such as investments in securities, were rare. Banks allowed, however, women who had previously been legally incompetent to invest their own capital, and emancipation took off. It was all part of the modernisation process. In the aftermath of the 1857 crisis, people were more

Rikets Ständers Bank or Stockholms Enskilda Bank. *Ibid.*, 64. The credit activities of Stockholms Stads Förmyndarkammare were much more extensive than those of Stockholms Stads Sparbank. Dandenell 1921, 132f.

49. *Finanskommitténs av 1858 betänkande*, 113f; Nilsson 1984, 324.

eager to invest their wealth with the banks. Nevertheless, the private credit market continued to expand for the time being. On the one hand, Swedish finances evolved rather than experiencing a revolution. On the other hand, the simultaneous growth of the two sectors indicates that more assets were available than earlier research suggests.

The rapid success of Stockholms Enskilda Bank was due to its establishment where there were strong capital flows and interest-seeking behaviour was peaking as a result of risk aversion following the crisis. The business concept reflected Stockholm's financial circumstances in 1857–1858, avoiding competition with the private promissory note market and offering deposit accounts without repayment or negative interest rates in the event of major influxes. The private credit market had thus been integrated, giving institutional lending much greater impact.

The interplay between the credit markets was the lubricant in the shift from the traditional system to the dominance of banks and other institutions. A smooth Stockholm operator benefitted from fortunate timing.

A NOTE ON THE PRINCIPAL SOURCES

This study is based on all 3,606 probate inventories in Stockholm from 1855 to 1859. The general frequency of probates during this period was 42.9%, not counting those younger than 15. See Appendix, Tables I:A–E.

An examination of 1855 indicates that the poverty rate was 34%, albeit the poor are unlikely to be probated. Approximately half of the unmarried population is also left out, including the non-impooverished lower class and one-third of the middle class. Deposits with the Stockholm City Savings Bank indicate the volume of assets and liabilities excluded in this way. An estimate based on probate inventories suggests 33%, which jibes nicely with a 31% probate rate during the year. Nor does the study include the limited percentage of nobility.

Cholera claimed a high fatality rate during this period. This might have influenced the frequency of probate inventories, given the relatively few lawyers available.

Appendix

TABLE I:A. Living Adults by end of 1855 and Mortality 1855 in Stockholm: Inverted Mortality Multipliers (1/M) and Probate Inventory Frequency (Excluding Nobility Among Probated).

AGE GROUP	MEN	DEATHS	PROBATED	1/M	FREQUENCY	WOMEN	DEATHS	PROBATED	1/M	FREQUENCY
15–20	4 083	41	5	99,59	12,2%	4 089	25	3	163,56	12,0%
20–25	5 789	81	9	71,47	11,1%	5 110	63	11	81,11	17,5%
25–30	5 884	106	26	55,51	24,5%	5 572	68	16	81,94	23,5%
30–35	5 657	163	41	34,71	25,2%	5 941	113	28	52,58	24,8%
35–40	4 153	140	41	29,66	29,3%	5 012	88	36	56,95	40,9%
40–45	3 127	146	41	21,42	28,1%	4 312	102	37	42,27	36,3%
45–50	1 935	117	35	16,54	29,9%	3 167	81	24	39,10	29,6%
50–55	1 422	98	35	14,51	35,7%	2 890	117	45	24,70	38,5%
55–60	1 000	55	34	18,18	61,8%	2 355	91	30	25,88	33,0%
60–65	559	50	23	11,18	46,0%	1 753	116	38	15,11	32,8%
65–70	365	51	26	7,16	51,0%	1 196	107	36	11,18	33,6%
70–75	193	28	14	6,89	50,0%	795	103	26	7,72	25,2%
75–80	100	14	7	7,14	50,0%	445	82	22	5,43	26,8%
80–85	39	11	8	3,55	72,7%	148	27	11	5,48	40,7%
85–90	7	4	3	1,75	75,0%	39	19	6	2,05	31,6%
90–95	1	0	0	–	–	7	3	1	2,33	33,3%
95–100	0	0	0	–	–	0	1	0	–	0,0%
SUM	34 314	1 105	348		31,5%	42 831	1 206	370		30,7%
Unknown age			6					5		
Total number of probated			354		32,0%			375		31,1%
Number of adult deaths	2 311									
Number of acknowledged poor	–512									
Potential number of probates	1 799	(Actual number 729, of which 718 age defined adult decedants are included.)								

SOURCES: Tabellverkets arkiv, Folkmängdstabeller 1855, pag. 5, vol. E3A:35; Mortalitetstabeller 1855, pag. 7v, vol. E3B:149 (RA); Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1855–1857, vol. F1A:566–574; Dödslistor 1855, vol. Elle1:184–185 (SSA).

COMMENTS: One woman deceased by the age of 97 according to mortality tables, however, she is not recorded in the census. In total, there were three probated children in 1855; a boy 0–5 years and two girls 10–15 years. These are not included in the study. If those defined as poor according to national registration are excluded, the probate frequency increases with 9 percentage units to 40.5%.

TABLE I.B. Living Adults by end of 1855 and Mortality 1856 in Stockholm: Inverted Mortality Multipliers (1/M) and Probate Inventory Frequency (Excluding Nobility Among Probated).

AGE GROUP	MEN	DEATHS	PROBATED	1/M	FREQUENCY	WOMEN	DEATHS	PROBATED	1/M	FREQUENCY
15–20	4 083	25	4	163,32	16,0%	4 089	24	4	170,38	16,7%
20–25	5 789	78	10	74,22	12,8%	5 110	36	10	141,94	27,8%
25–30	5 884	78	25	75,44	32,1%	5 572	60	15	92,87	25,0%
30–35	5 657	128	46	44,20	35,9%	5 941	70	20	84,87	28,6%
35–40	4 153	109	32	38,10	29,4%	5 012	57	30	87,93	52,6%
40–45	3 127	99	25	31,59	25,3%	4 312	59	26	73,08	44,1%
45–50	1 935	102	33	18,97	32,4%	3 167	67	33	47,27	49,3%
50–55	1 422	68	33	20,91	48,5%	2 890	58	25	49,83	43,1%
55–60	1 000	66	28	15,15	42,4%	2 355	72	23	32,71	31,9%
60–65	559	39	18	14,33	46,2%	1 753	75	25	23,37	33,3%
65–70	365	34	17	10,74	50,0%	1 196	68	26	17,59	38,2%
70–75	193	21	10	9,19	47,6%	795	63	24	12,62	38,1%
75–80	100	11	9	9,09	81,8%	445	53	16	8,40	30,2%
80–85	39	7	3	5,57	42,9%	148	33	13	4,48	39,4%
85–90	7	4	3	1,75	75,0%	39	17	5	2,29	29,4%
90–95	1	0	0	–	–	7	1	0	7,00	0,0%
95–100	0	0	0	–	–	0	1	0	–	0,0%
SUM	34 314	869	296		34,1%	42 831	814	295		36,2%
Unknown age			3					2		
Total number of probated			299		34,4%			297		36,5%
Number of adult deaths	1 683									
Number of acknowledged poor	–405									
Potential number of probates	1 278	(Actual number 596, of which 591 age defined adult decedants are included.)								

SOURCES: Tabellverkets arkiv, Folkmängdstabeller 1855, pag. 5, vol. E3A:35; Mortalitetstabeller 1856, pag. 7v, vol. E3B:152 (RA); Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1856–1858, vol. F1A:570-578; Dödslistor 1856, vol. Elle1:186–187 (SSA).

COMMENTS: In total, there were twelve probated children in 1856; eight boys and four girls. These are not included in the study. If those defined as poor according to national registration are excluded, the probate frequency increases with 11.3 percentage units to 47.2%.

TABLE I:C. Living Adults by end of 1855 and Mortality 1857 in Stockholm: Inverted Mortality Multipliers (1/M) and Probate Inventory Frequency (Excluding Nobility Among Probated).

AGE GROUP	MEN	DEATHS	PROBATED	1/M	FREQUENCY	WOMEN	DEATHS	PROBATED	1/M	FREQUENCY
15–20	4 083	39	4	104,69	10,3%	4 089	23	1	177,78	4,3%
20–25	5 789	110	10	52,63	9,1%	5 110	45	13	113,56	28,9%
25–30	5 884	141	30	41,73	21,3%	5 572	97	29	57,44	29,9%
30–35	5 657	186	58	30,41	31,2%	5 941	106	35	56,05	33,0%
35–40	4 153	163	50	25,48	30,7%	5 012	102	34	49,14	33,3%
40–45	3 127	160	55	19,54	34,4%	4 312	104	34	41,46	32,7%
45–50	1 935	159	57	12,17	35,8%	3 167	111	36	28,53	32,4%
50–55	1 422	121	48	11,75	39,7%	2 890	105	36	27,52	34,3%
55–60	1 000	71	35	14,08	49,3%	2 355	97	41	24,28	42,3%
60–65	559	64	32	8,73	50,0%	1 753	99	41	17,71	41,4%
65–70	365	47	18	7,77	38,3%	1 196	92	40	13,00	43,5%
70–75	193	29	7	6,66	24,1%	795	84	28	9,46	33,3%
75–80	100	19	17	5,26	89,5%	445	76	35	5,86	46,1%
80–85	39	19	8	2,05	42,1%	148	36	11	4,11	30,6%
85–90	7	4	3	1,75	75,0%	39	10	5	3,90	50,0%
90–95	1	1	0	–	–	7	4	1	1,75	25,0%
95–100	0	0	0	–	–	0	0	0	–	–
SUM	34 314	1 333	432		32,4%	42 831	1 191	420		35,3%
Unknown age			5					3		
Total number of probated			437		32,8%			423		35,5%
Number of adult deaths	2 524									
Number of acknowledged poor	–421									
Potential number of probates	2 103	(Actual number 860, of which 852 age defined adult decedants are included.)								

SOURCES: Tabellverkets arkiv, Folkmängdstabeller 1855, pag. 5, vol. E3A:35; Mortalitetstabeller 1857, pag. 7v, vol. E3B:155 (RA); Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppveckningar 1857–1859, vol. F1A:574–582; Dödslistor 1857, vol. E11e:188–189 (SSA).

COMMENTS: In total, there were seven probated children in 1857; five boys and two girls. These are not included in the study. If those defined as poor according to national registration are excluded, the probate frequency increases with 6.8 percentage units to 40.9%.

TABLE I:D. Living Adults by end of 1855 and Mortality 1858 in Stockholm: Inverted Mortality Multipliers (1/M) and Probate Inventory Frequency (Excluding Nobility Among Probated).

AGE GROUP	MEN	DEATHS	PROBATED	1/M	FREQUENCY	WOMEN	DEATHS	PROBATED	1/M	FREQUENCY
15–20	4 083	40	2	102,08	5,0%	4 089	28	2	146,04	7,1%
20–25	5 789	93	12	62,25	12,9%	5 110	62	17	82,42	27,4%
25–30	5 884	144	40	40,86	27,8%	5 572	84	21	66,33	25,0%
30–35	5 657	155	47	36,50	30,3%	5 941	106	36	56,05	34,0%
35–40	4 153	155	53	26,79	34,2%	5 012	85	42	58,96	49,4%
40–45	3 127	118	46	26,50	39,0%	4 312	71	30	60,73	42,3%
45–50	1 935	124	41	15,60	33,1%	3 167	87	40	36,40	46,0%
50–55	1 422	72	30	19,75	41,7%	2 890	61	26	47,38	42,6%
55–60	1 000	92	45	10,87	48,9%	2 355	77	27	30,58	35,1%
60–65	559	45	20	12,42	44,4%	1 753	83	30	21,12	36,1%
65–70	365	28	18	13,04	64,3%	1 196	69	28	17,33	40,6%
70–75	193	24	15	8,04	62,5%	795	83	32	9,58	38,6%
75–80	100	12	6	8,33	50,0%	445	64	26	6,95	40,6%
80–85	39	8	6	4,88	75,0%	148	50	16	2,96	32,0%
85–90	7	4	4	1,75	100,0%	39	15	5	2,60	33,3%
90–95	1	1	0	–	0,0%	7	3	1	2,33	33,3%
95–100	0	–	–	–	–	0	2	0	–	0,0%
SUM	34 314	1 115	385		34,5%	42 831	1 030	379		36,8%
Unknown age			6					5		
Total number of probated			391		35,1%			384		37,3%
Number of adult deaths		2 145								
Number of acknowledged poor		–332								
Potential number of probates									1 813 (Actual number 775, of which 764 age defined adult decedants are included.)	

SOURCES: Tabellverkets arkiv, Folkmängdstabeller 1855, pag. 5, vol. E3A:35; Mortalitetstabeller 1858, pag. 7v, vol. E3B:158 (RA); Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1858–1860, vol. F1A:578–586; Dödslistor 1858, vol. Elle1:190–191 (SSA).

COMMENTS: In total, there were nine probated children in 1858; three boys and six girls. These are not included in the study. If those defined as poor according to national registration are excluded, the probate frequency increases with 6.6 percentage units to 42.7%. The number of dead men aged 85–90 years, according to national registration, has been adjusted upwards by one since there are probates after four deceased this year.

TABLE I.E. Living Adults by end of 1860 and Mortality 1859 in Stockholm: Inverted Mortality Multipliers (1/M) and Probate Inventory Frequency (Excluding Nobility Among Probated)

AGE GROUP	MEN	DEATHS	PROBATED	1/M	FREQUENCY	WOMEN	DEATHS	PROBATED	1/M	FREQUENCY
15–20	4 362	26	4	167,77	15,4%	4 232	31	3	136,52	9,7%
20–25	6 575	67	7	98,13	10,4%	5 873	74	16	79,36	21,6%
25–30	7 168	88	22	81,45	25,0%	6 660	68	21	97,94	30,9%
30–35	5 817	126	38	46,17	30,2%	6 099	70	24	87,13	34,3%
35–40	5 085	138	53	36,85	38,4%	5 809	76	34	76,43	44,7%
40–45	3 463	113	37	30,65	32,7%	4 744	67	25	70,81	37,3%
45–50	2 405	100	51	24,05	51,0%	4 000	71	29	56,34	40,8%
50–55	1 516	67	33	22,63	49,3%	2 875	61	21	47,13	34,4%
55–60	1 074	55	34	19,53	61,8%	2 585	74	32	34,93	43,2%
60–65	642	47	23	13,66	48,9%	2 065	85	26	24,29	30,6%
65–70	400	37	18	10,81	48,6%	1 452	77	33	18,86	42,9%
70–75	234	29	12	8,07	41,4%	913	60	23	15,22	38,3%
75–80	112	19	13	5,89	68,4%	514	53	20	9,70	37,7%
80–85	37	5	0	7,40	0,0%	218	40	21	5,45	52,5%
85–90	11	1	1	11,00	100,0%	49	11	4	4,45	36,4%
90–95	0	2	0	–	0,0%	12	4	3	3,00	75,0%
95–100	0	0	0	–	–	1	0	0	–	–
SUM	38 901	920	346		37,6%	48 101	922	335		36,3%
Unknown age			7					5		
Total number of probated			353		38,4%			340		36,9%
Number of adult deaths	1 842									
Number of acknowledged poor	–318									
Potential number of probates	1 524	(Actual number 693, of which 681 age defined adult decedants are included.)								

SOURCES: Ahlberg 1958, tab. C, p. 159; Tabellverkets arkiv, Mortalitetstabeller 1859, pag. 7v, vol. E3B:161 (RA); Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1859–1861, vol. F1A:582–590; Dödslistor 1859, vol. Elle1:192-193 (SSA).

COMMENTS: In total, there were two probated children in 1859; one boy and one girl. These are not included in the study. If those defined as poor according to national registration are excluded, the probate frequency increases with 7.9 percentage units to 45.5%.

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Stockholm

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From Private Affairs to Banking Concerns

Personal Credit and Wealth in Stockholm during the Change in Interpersonal Relations, with a Focus on the 1878–1879 Crisis

THIS STUDY of the private financial history of Stockholm is linked to a project financed by the Swedish Foundation for Humanities and Social Sciences entitled *Informal Financial Markets in 19th Century Sweden. Estimates based on Microdata*. The overall aim was to perform studies of Swedish private credit markets in randomly selected places to more accurately describe changing structures from 1800 to 1910. Owing to its importance and prominence, Stockholm has been singled out as a special case.*

The goal is to characterise the market for the benchmark years of 1805, 1845, 1865, 1880, 1900 and 1910. The current focus is on estimates at a time when interpersonal relations (see p. 58) were changing under the influence of institutionalisation. The previous study of 1855–1859 concerned capitalists when Stockholms Enskilda Bank, the first private commercial note-issuing institution, was established. This study zeroes in on market structures in 1876–1880. Another kind of economic crisis had arisen at that point. Did it have any visible impact on the private financial market in Stockholm like the crisis of 1857–58? No previous literature has examined the question.

* This paper was first presented at Wealth and Debt Accumulation in Early Financial Markets. A Marcus Wallenberg Symposium. International conference at Stockholm School of Economics, 13–14 September 2018. The author would like to express his gratitude to both commentators: Professor Laurence Fontaine, École des Hautes Études en Sciences Sociales, Paris, and Professor Patrick Svensson, Swedish University of Agricultural Sciences, Uppsala. Since then, this study has been enlarged with two years, 1876–1877. The research was financed in its entirety by the Foundation for Economic History Research within Banking and Enterprise.

The results of the national sample have not been published to date.

The *market* is an “organized system of exchange, however centralized or decentralized, formal or informal, asymmetrical or imperfect, and with transaction costs” (Hoffman et al. 2000, 11). The characteristics of the market have thus not been assessed.

NOTES ON PRINCIPAL SOURCES AND RESULTS OF ESTIMATES

The current study is based on 4,233 inventories, i.e., all probated individuals registered in the administrative city of Stockholm from 1876 to 1880. The general frequency of probates during this period is 30.5%. That is less comprehensive than in the 1850s. See Appendix, Table II:A.

An examination of the reasons for the phenomenon in 1855 indicates that the poverty rate was about 34%. Poor people cannot be expected to own very much of value or to have very high liabilities such that they will be probated. Nevertheless, about half of the unmarried population is also missing, suggesting that they did not inherit property, as well as some other members of the lower class and one-third of the middle class. These circumstances still prevailed in the late 1870s and pose more of a problem for this study. No cross-check data, such as property tax assessments, are available from this period to adjust for missing information and permit controllable estimates of assets belonging to non-probated individuals (Lindgren 2020, 159; Shanahan 1995).

Thus, quite a lot of wealth and debt in the city become invisible, as is verifiable against deposits with the Stockholm City Savings Bank. An estimate of these deposits, based on probate inventories for 1876–1880, yields an average of 35.3% of the total volume: SEK 5,066,496 vs. SEK 14,353,496 according to bank ledgers (cf. footnote 33). This study excludes the limited share held by nobility. Moreover, some depositors were registered outside the administrative city and many were children. The records do not contain any data about them.

Compared with the collective funds of the Stockholm City Fire Insurance Office, which are close to its total lending, the average estimate of SEK 11,640,956 tallies with the actual figure of SEK 11,933,320 in 1878 (Almqvist 1921, 689). Probate inventories were typically conducted, when owners died, for property transfer purposes. The obvious bias arises from the large number of people who were not probated, regardless of assets. The aim of this study is not full accuracy but an overview of various assets and liabilities, including their change over time (cf. Flodström 1910; Lindgren 2002; 2017).

CURRENT PURPOSE

The basic objective of this study is to examine the structure and state of the credit market in Stockholm in the late 1870s. Inclusion of 1876–1880 permits more robust estimated averages. No empirically based survey of the late 1870s has previously been performed with these methods.

The intention is to contribute to our understanding of the breakthrough of modern commercial banking in Sweden, as illustrated by the institutional and private credit markets. That interplay became decisive during this transition period. How did the shift occur? How did changing interpersonal relations affect the composition of financial assets in terms of credit market institutionalisation? What impact did the Swedish economy, linked to boom and bust cycles in Western Europe, have on the private financial sector in Stockholm?

The previous study illustrated the vital role of Jewish businessmen. The assets of unmarried women and others denied financial competence were also important. Stockholm City Chamber of Guardians deposit and lending activities exceeded those of the Stockholm City Savings Bank. The financial circumstances of those groups in the late 1870s are highly relevant.

The study excludes the nobility. Bengtsson, Missiaia, Olsson & Svensson (2017); Bengtsson (2020), and other studies examine it in detail.

BACKGROUND TO THE 1878–1879 CRISIS

The 1870s were formative years for economic trends in Sweden and the rest of Western Europe. They were part of a longer cycle and the beginning of the Great Depression that lasted until the mid-1890s.¹ The findings of this study may be compared to the previous one, which concentrated on the effects of the 1857–1858 crisis. The latter situation had more to do with industrial problems, as well as overheated domestic and export markets. In both cases, Stockholm was more affected than Gothenburg.

Starting with the international economic boom of the early 1870s, Swedish industrial expansion exacerbated the impact on manufacturers, capitalists and other investors. War played a decisive role in inflating the prices of export goods (corn, iron, wood). Higher profit margins, particularly in connection with infrastructure investments (railways), attracted foreign capital. Reinvest-

1. The following brief account of the 1878–1879 economic and financial crisis, as well as its effects, is based on Andersson 2021, 124–129, 141–144; Broberg 2006, 13f, 83ff; 103f, 117; Edvinsson 2010; Hagberg 2007, 23–27, 69–78; Jörberg 1961, 197–199, 222–266; Magnusson 1996, 350–359; Schön 2000, 187–191; Schön 2005, 204; Söderlund 1964, 127–145.

"Statshjelp"



The tabloid press was not shy about commenting ironically on the financial elite. The founder of Stockholms Enskilda Bank, A. O. Wallenberg, raises his arms to catch the lifebuoy that Minister of Finance Hans Forssell reluctantly prepares to cast his way with a SEK 30 million loan. *Fäderneslandet*, 28 February 1879. Photo Royal Library.

ment typically went to production, financed by commercial banks or private capitalists. Investment levels doubled in relation to GDP from the 1850s to the 1870s. It was Sweden's first great industrial boom. Workshops in Stockholm attracted workers from the countryside, boosting demographic growth after a long period of economic stagnation.

The resulting optimism convinced capitalists that long-term investment would yield short-term earnings. Credit expansion from both institutional and private lenders fuelled the trend. Some institutions held equities and bonds in railways as a source of easy profits. The decline in prices and liquidity after December 1878 spurred the country's first industrial-based financial crisis. Unrealistic investment objectives made the situation far worse than in 1857–1858. Banking and other financial institutions in Stockholm were hit hard. Stockholms Enskilda Bank, a lynchpin of the system, was on the verge

of collapse. Gothenburg had already become Sweden's business hub. It was closer to British markets, with more modern financial structures. Stockholm also lagged behind due to slower relative demographic and economic growth.

An important difference in 1878–1879 was more widespread ownership of equities in limited liability companies. Many assets in the earlier period grew out of claims on family businesses. Equities and bonds were subsequently owned by many more private individuals. During the boom, incorporations in Stockholm jumped from 125 in 1866–1870 to 504 in 1871–1875. Wholesalers were among the leading proponents of this kind of change, including the incorporation of previous businesses. The number of individual shareholders was limited by high denominations. It was far cheaper to buy European municipal bonds from Milan, Freiburg or Bucharest. Thus, only a certain percentage of private financial activities are apparent since corporations are not probated unless they go bankrupt. The research method used in this study loses some of its power over time.

But there is little doubt that the Stockholm financial sphere broke with tradition. Following the bankruptcies of private trading houses and banks private entrepreneurs could take new creative destruction initiatives in the Schumpeterian sense. Most overzealous speculators disappeared or received financial assistance from the government. The subsequent period was characterised by sustained economic expansion.

Composition of private wealth and changes after the 1878–1879 crisis

The main results of this study are summarised in Table II:1 of the Appendix. It presents aggregate sums from estimates of all assets and liabilities for individual years and a periodic average, broken down into various categories. A similar aggregate for Stockholm by Lili-Annè Aldman shows benchmark figures in 1800, 1820 and 1850 (Aldman 2017, see previous study). Comparisons with data on national institutional lending are made for a few years.

The 1878–1879 crisis literature has focused almost entirely on events that influenced banks, credit institutions or other businesses. The situation in 1878–1880 resembled 1857–1858. As more businesses incorporated, total economic activity in Stockholm became harder to chart, since estimates zero in on the private sector and the behaviour of households. The method illustrates trends rather than asset and liability volumes, as well as changes that may reasonably be associated with the 1878–1879 crisis.

Estimated total gross wealth decreased by 16% from 1878 to 1879 and recalibrated in 1880. The main reason was a decline in real estate values by SEK 55 million (-31%). Given that they are unadjusted assessment values, pure chance may be at work, albeit some property owners incorporated in the meantime.² An equivalent dip appears for personal property, from SEK 53.6 million to 45.4 million (-15%), followed by a steep increase to SEK 71.5 million (+57%) in 1880. A liquidity squeeze is suggested by the dip in cash holdings from SEK 5.1 million to 4.1 million (-20%) between 1878 and 1879, though they were back to SEK 4.4 million in 1880.

Household financial assets were quite high as of the 1850s, averaging 53% by the 1870s. Corresponding estimates for the UK are 39% in 1850, 61% in 1870-1902 and 64% in 1912-1913.³ The Stockholm increase was due primarily to institutional claims with banks or other institutions, as well as individual ownership of securities from SEK 4.8 million in the 1850s to SEK 73.9 million (+1442%) in 1878-1880. This is the clearest indicator of economic relations during the period. Between 1878 and 1879, estimated securities in private hands dropped from SEK 79.3 million to SEK 52.2 million (-34%), which reflects either divestments or unstable values. Assets in private promissory notes increased from SEK 62.4 million to SEK 75.5 million (+21%). The private credit market absorbed credits much better than the institutional sector, which could not deliver return on deposits and turned to problematic domestic bonds.

As in the 1850s, a crisis influenced the institutional more than the private sector. Lending by banks and other credit institutions increased only from SEK 49.6 million to SEK 53.9 million (+8%), while private promissory notes rose from SEK 40.6 million to SEK 46.0 million (+13%) during the first year and to SEK 67.6 million (+66%) in 1880.

The private credit market was also impacted by the crisis. Deferred payments for goods declined from SEK 20.3 million to SEK 12.0 million (-41%) for assets but did not decrease at all for liabilities until 1880. Probate records of the late 1870s did not report foreign debt very much. Incorporation and the prevalence of 3-month bills of exchange, normally paid before the in-

2. Estimates are based on inherited assets or liabilities inflated by inverted mortality rates, adjusted for age and sex, but estate inventories account only for real property owned by the deceased. The value of all Stockholm residential properties 1880 was approximately SEK 262 million. Söderberg, Blöndal & Edvinsson 2014, Tab. 3.2, 79. Some probates may have included commercial property. Håkan Lindgren adjusts real estate values with factor 1.09. Cf. Lindgren 2020, 147.

3. Michie 1999, 71; Green, Owens, Swan & van Lieshout 2011, Tab. 3.4, 74.

ventory was drawn up, explain the phenomenon. Foreign debt nevertheless rose from SEK 1.7 million to SEK 4.8 million (+176%) in 1878–1879. Net financial assets declined from SEK 152.9 million in 1878 to 106.9 million in 1880 (–30%). Debt quotas averaged 28% (1855–59: 47%), negative wealth included. The study does not adjust for underestimates of real and personal property values, while securities are shown at their nominal rate.

Private promissory notes were still more important in Gothenburg than Stockholm. Credit markets appear to have modernised more quickly in the capital.⁴ Estimated private promissory note debts grew from SEK 16.8 million to 45.4 million (+170%) in Gothenburg between 1860 and 1880. The corresponding increase in Stockholm was from SEK 33.2 million to 50.8 million (+53%) between 1855 and 1880. Debts to banks and other credit institutions declined from SEK 18.5 million to 17.4 million (–6%) in Gothenburg and rose from SEK 20.5 million to 48.1 million (+135%) in Stockholm. The share of national institutional lending fell from 9% to 2% in Gothenburg in 1860–1880 and 12% to 6% in Stockholm in 1855–1880. These comparisons include households and private businesses only, not incorporated companies or other legal entities.

The 1878–1879 crisis exerted pressure on banks, especially ones that had invested heavily in the domestic bond market. But the private credit sector had substantial funds at its disposal and maintained its vital position.

TRADE BAROMETERS WITH SLOW INTRINSIC PROGRESSION

The private sector served as a kind of trade barometer with slow intrinsic progression and a channel of communication with the banking industry from the late 1850s to late 1870s, particularly during economic crises.

While bank deposits grew substantially over time, the private sector weathered economic crises better than financial institutions. The discontinuity suggested in the literature was an example of how events reflected continuity in the daily economic life of Stockholm inhabitants. The private credit market's ability to make productive use of capital was important when the middle class had no overseas or similar options. Sweden was a net importer of capital from the 1850s to 1910s.

While lending by banks and other credit institutions increased by a mere 8% during the crisis of 1878–1879, the private promissory note market grew 66% by 1880. Bank deposits rose 49% from 1878 to 1879 and retracted in

4. Hallén et al. 2015, 176, tab. III:3; Schön 2000, 189.

1880. The inability of banks to earn interest propelled a great deal of money into the securities and private promissory note markets. Deferred payments for goods did not change among liabilities until the downturn of 1880 while falling 41% among assets in the first year and recovering only slightly at the end of the period.

Lending by banks and other credit institutions declined by 78% and the private promissory note market by 32%. Deferred payments for goods decreased by almost one-half and by two-thirds among assets. In the initial aftermath, bank lending rose by 34% and the private promissory note market by 18%. Although the 1857–1858 crisis altered the use of deposit accounts in favour of banks, the private sector remained important and grew side by side.

Household financial assets stayed high in Stockholm during both crises and continued to grow from 50% in the 1850s to 53% in the 1870s. In particular, private investment in securities, about 28% of all financial assets, climbed from a meagre 5%.

The importance of credit transactions was decisive to sustaining the intrinsic power of private markets.⁵ They grew alongside the banking sector. By the late 1870s, single households were deeply involved in a wider range of financial activities. By the same token, debt quotas declined from 47% in the 1850s to 28%. Growing net wealth among Stockholm inhabitants made deferred payments for goods less important for some households in favour of bank credits and private promissory notes.

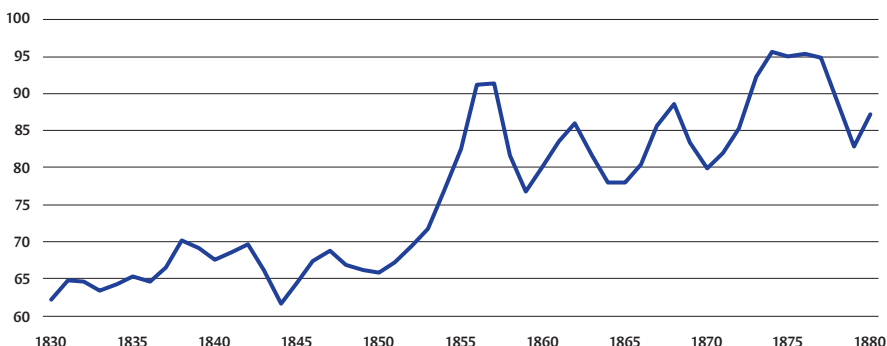
PERSONAL WEALTH TRENDS FROM THE 1850S TO THE 1870S

Personal net wealth in Stockholm went from SEK 98.3 million in 1855–1859 to SEK 339.8 million (+246%) in 1876–1880, or annual growth of almost 6% not adjusted for inflation. The population grew from 77,145 to 129,740. Thus, per capita (adult) net wealth increased from SEK 1,274 to SEK 2,619 (+106%), or 3% each year. Annual economic growth from private promissory notes was 2–2.5%, in the neighbourhood of Aldman's estimate of 1.5–2.0% for 1800 and 1850.

Lower individual debts were one factor. Liabilities as a percentage of gross wealth declined from 47% to 28% and real estate values rose from SEK 58.4 to 154.6 million (+165%). The economic prosperity of the 1870s boosted salaries, while demographic growth led to booms for construction of residential

5. A personal journal from the Stockholm area in 1835 indicates that auction prices could rise 50% if three-month credit was offered. Liljewall 2017, 47, footnote 55.

GRAPH II:1. Cost of Living Index (National Annual Averages) 1830–1880. 1914 = 100.



SOURCE: <https://www.scb.se/hitta-statistik/statistik-efter-amne/priser-och-konsumtion/konsumentprisindex/konsumentprisindex-kpi/pong/tabell-och-diagram/konsumentprisindex-kpi/kpi-historiska-tal-1830/>.

buildings. Taxation of real estate was renewed. Stockholm property was assessed every three years.⁶

Personal wealth was stable in both periods (1855–1859 in parentheses): real estate (non-adjusted taxation values) 33% (32), financial assets (nominal values, yields and cash holdings) 54% (52) and personal property 13% (16).⁷ Prices were generally steady, though occasionally volatile. Adjusted for the 1914 level, the index averaged 84.9 in 1855–1859 and 86.5 in 1878–1880 (Graph II:1).

Financial assets and actions of rentiers

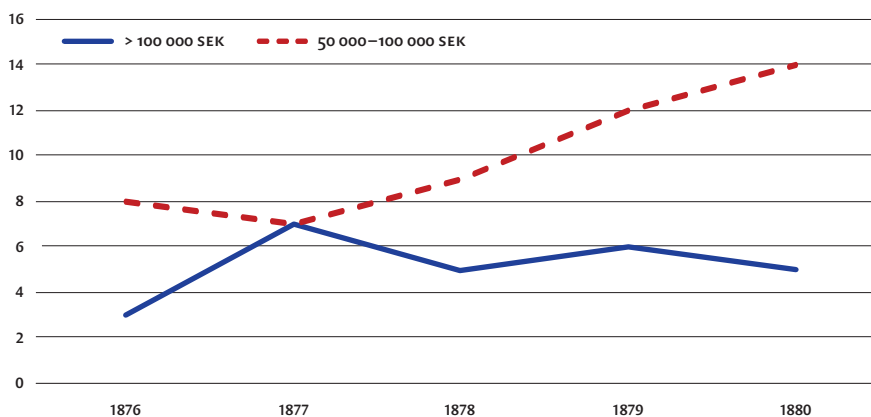
This study analyses the structure and dynamic of the private credit market. City brokers, a small but important group, do not appear here. The sources do not include any probate inventories for them, and only a small number of records of their activities are extant. Per Hallén examined them in his study of nineteenth century Gothenburg. They serve as intermediaries between single individuals with discretionary capital and borrowers or other investors.⁸

6. Ericsson & Molinder 2020, 833f; Söderberg, Blöndal & Edvinsson 2014, 66, 84.

7. This stability seems to indicate that an adjustment of real estate and movables values upwards from probate inventories seems less requisite when a city is the subject of investigation. Cf. Håkan Lindgren who adjusts real estate values with factor 1.25 (1841/45) and 1.09 (1871/75), and movables with 1.25. Lindgren 2020, 147.

8. Hallén, Aldman & Fritz 2015, 215–241. Parisian notaries had a similar purpose but have been documented much more thoroughly than their counterparts in Sweden. Cf. Hoffman et al. 2000.

GRAPH II:2. Probated Private Promissory Note Lenders in Stockholm > 50 000 SEK, 1876–1880.



SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1876–1882, vol. F1A:651–680 (SSA).

Besides brokers, Jewish business circles played a vital role in Stockholm. Though limited in numbers, their international networks and activities significantly impacted the financial sector.

BIG LENDERS, SMALL SPENDERS

On the private promissory note market, 76 (1855/59: 52) probated households had large claims: 50 (26) between SEK 50,000 and 100,000, and 26 (26) more than that. Since data from all available probate inventories is included, it might be serving as an indicator though certainly influenced by accidental deaths. Before the crisis of 1878–1879, the number of households with higher claims declined at the expense of those with lower ones. The general tendency until 1880 is a lower number with larger claims.

Unlike 1855–1859, households with promissory note assets between SEK 50,000 and 100,000 increased somewhat while the very top of the pyramid narrowed (Graph II:2). Thirteen larger creditors owned at least one property, a larger proportion than in the 1850s. Forty-six of the 76 households were upper class and 24 were middle class. Most of these individuals were either married or widowed and ten were single. Big private creditors in the promissory note market normally had a large portion of their wealth in this form although they were not city brokers. They were well-off households with disposable assets. The lack of a clear downward trend among medium-sized creditors until 1880 suggests that they preferred the private credit market to bank accounts. Because banks had difficulty investing, the private market offered

higher returns and justified the additional risk, however, this cannot be taken as a general conclusion.

JEWISH ENTREPRENEURS IN STOCKHOLM

Both Stockholm in general and Jewish entrepreneurs in particular are integral to Sweden's financial history. As in many other European cities, international business periodically relied on a diaspora of cultural and ethnic traders.⁹

By end of the 1870s, Eastern immigrants were increasing the number of Jewish citizens. Including children, there were 1,259 in Stockholm,¹⁰ 0.75% of the total population in 1880.¹¹ The Easterners did not, however, enjoy the same favourable circumstances as their Western counterparts.

They typically specialised in wholesale and private lending transactions, taking advantage of their international contacts.¹² Of the 59 Jews who were probated in 1876–1880, 27 were from the upper class, 31 the middle class and 1 the lower class. Fifteen owned real estate, 8 were wholesalers or factory owners, 5 were widows of wholesalers, 1 was a retired patisserie proprietor, 7 were tradesmen, 4 were widows of tradesmen and 34 had other occupations or titles. Fourteen were unmarried and 24 owned securities.

Assets and liabilities of Jewish businessmen may be compared to five-year averages for Stockholm in general. They owned 7% (1855–1859: 8) of wealth before debts and 7% (4) after, as well as 6% (11) of real estate (Graph II:3). Their share of household financial assets was 8% (7), cash 3% (7) and personal property 4% (7). Private claims were 3% (16) on deferred payments for goods and 10% (4) based on promissory notes.



A private banknote of five SEK issued in 1876, with the signature of the Jewish board member (1871–1891) Ludvig Lamm (left). Myntauktioner i Sverige AB.

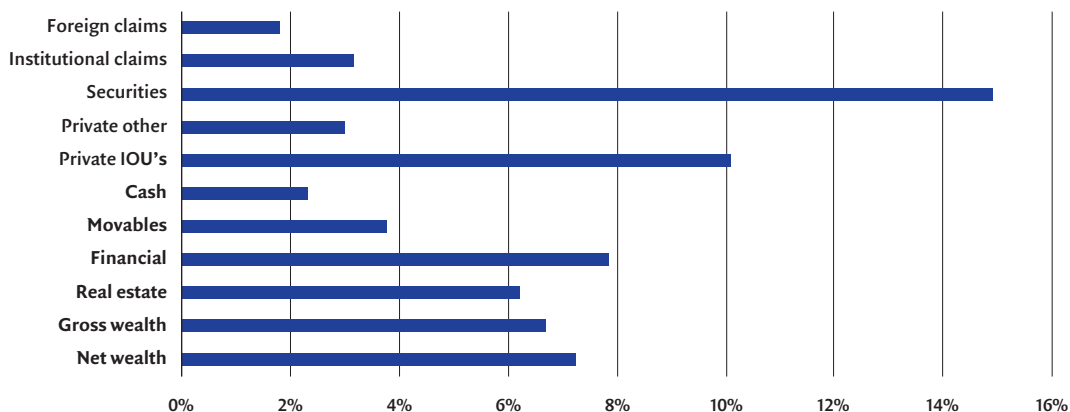
9. See Chatziioannou & Harlaftis 2007, 13–20.

10. Bredefeldt 2008, Tab. 5, 124.

11. BiSOS 1880, Tab. 7, 138.

12. Bredefeldt 2008, 32f, 48f, 59, 61; Carlsson 2021, 116–124.

GRAPH II:3. The Jewish Business Circle's Estimated Share of Total Assets in Stockholm 1876–1880.



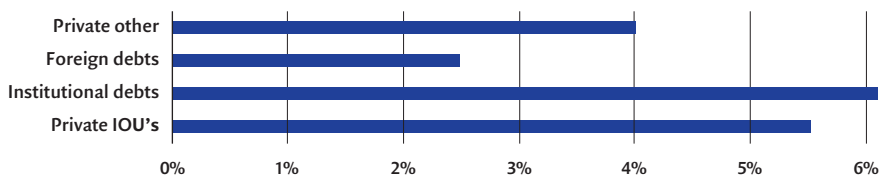
SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1876–1882, vol. F1A:651–680 (SSA).

These figures are significant in view of the limited number of individuals involved. Their share of claims with banks and other institutions, as well as their securities holdings, were negligible in the late 1850s. By the late 1870s, the situation had changed radically. Institutional claims totalled 3% and securities 15%. Foreign claims, including personal life assurance, were 2% of the Stockholm total.

Liability estimates show that Jewish businessmen, in their capacity of real estate owners, accounted for 20% of credit institute lending, particularly fire insurance companies, in the 1850s. The figure dropped to 6% by the late 1870s (Graph II:4). Private promissory note debts were 6% (1855–1859: 7), while deferred payments for goods were 4% (8).

Their share of foreign debt had declined from 60% to 2% by the late 1870s. Keep in mind that these estimates are based on only 59 probate inventories. The European networks of Jewish businessmen in Stockholm did not

GRAPH II:4. The Jewish Business Circle's Estimated Share of Total Debts in Stockholm 1876–1880.



SOURCES: Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1876–1882, vol. F1A:651–680 (SSA).

necessarily recede in the same way. The 1878–1879 crisis might, however, have impacted them due to liquidity problems.

Let us look at some of the most prominent individuals. The single most wealthy household was that of Julius Geber and his wife Hilda, née Philipson.¹³ Most of their fortune of SEK 941,000 in 1878 consisted of financial assets, SEK 620,000 of which was in private promissory notes. Some of the families were related: one of their sons, Hugo Geber, married Anna Fredrica Lamm, the daughter of Martin Lamm (see below).

The second wealthiest household excluding liabilities was headed by August Davidson. Like his younger brother Wilhelm, he owned patisseries and was well-known.¹⁴ His gross wealth in 1878 was approximately SEK 675,000, SEK 190,000 of which was in real estate. Almost all the rest of the assets were financial, including nearly SEK 200,000 in private promissory notes. In 1834, August opened Café Français at Drottninggatan. Several years later he became his brother's partner in a schweizeri, and in 1854–1867 he owned Behrens Schweizeri on Strömparterren near the Royal Castle.¹⁵ Both Geber and Davidson left only negligible debts.



Benjamin Leja. Drawing by Fritz von Dardel 1842. Stockholms stadsarkiv, SE/SSA/0549/ Carin Lindskog-Nordströms arbetspapper/BII:6, Stockholmskällan.

The third richest Jewish household was Herman Leja, who died in 1880.¹⁶ His gross wealth of nearly SEK 590,000 consisted mainly of real estate. His liabilities totalled SEK 138,000, more than SEK 113,000 in private promissory notes. The son of Benjamin Leja, he came to Sweden from Germany with his mother Amalia Lippman in 1833. Benjamin sold optical instruments and pursued other business activities out of his headquarters at the corner of Gustaf Adolfs Torg and Regeringsgatan. Herman managed the buildings. His brother Joseph was

13. Stockholms Rådhusrätts arkiv, Bouppteckningar 1878, vol. F1A:661, no. 213 (SSA).

14. Stockholms Rådhusrätts arkiv, Bouppteckningar 1878, vol. F1A:661, no. 268 (SSA). Another brother was Henrik Davidson, Managing Director of Skandinaviska Kreditaktiebolaget's branch in Stockholm from 1865 to 1895.

15. Davidson, släkt and Davidson, Wilhelm. *Svenskt Biografiskt Lexikon*, vol. 10, 338f.

16. Stockholms Rådhusrätts arkiv, Bouppteckningar 1880, vol. F1A:672, no. 337 (SSA).



Joseph Leja's store at Regeringsgatan in the 1880s. Eklunds Ateljé, SSMCoo3347, Stockholms stadsmuseum, Stockholmskällan.

somewhat better known. One of his granddaughters married Simon Sachs. The firms of Leja and Sachs' merged with K. M. Lundberg into what would become the legendary Nordiska Kompaniet (NK) department store at the turn of the century.¹⁷

The fourth richest household was wholesaler Martin Lamm, whose gross wealth totalled SEK 470,000, with more than SEK 350,000 in financial assets. S. L. Lamm & Son, founded by his father, had claims of SEK 283,000 and his real estate holdings came to SEK 110,000.¹⁸ Hugo Geber (see above) was his son-in-law.

Oscar Hirsch, a railway engineer, was also renowned.¹⁹ His SEK 467,000, as reported when his wife died in 1880, consisted largely of securities (SEK 323,000) and real estate (SEK 59,400). Hirsch was with the Nässjö-Oskarshamn Railway Company in 1870–1871, Nora-Karlskoga Railway Company in 1871–1874 and Bockholms-Sättra Aktiebolag (CEO) in 1874–1916. He was also an officer at several institutions: Stockholm City Savings Bank

17. Leja, Benjamin. *Svenskt Biografiskt Lexikon*, vol. 22, 509; Carlsson 2021, 117.

18. Stockholms Rådhusrätts arkiv, Bouppteckningar 1878, vol. F1A:663, no. 95 (SSA).

19. Stockholms Rådhusrätts arkiv, Bouppteckningar 1880, vol. F1A:671, no 224 (Fanny Paulina Hirsch, née Salomon) (SSA). Hirsch, S Oscar. *Svenskt Biografiskt Lexikon*, vol. 19, 89.



Oscar Hirsch. *Svenskt Biografiskt Lexikon*.

(Vice-Chairman), Industrikkreditaktiebolaget and Skandinaviska Kreditaktiebolaget (member of the board). He married Fanny Salomon in 1877 and was active in the Fanny Hirsch Memorial Foundation after her death.

David Hirsch's gross wealth was SEK 329,000 SEK, including SEK 160,000 in real estate and SEK 153,000 in financial assets, half of which consisted of securities. He was the son of Isaac David Hirsch and the uncle of Isaak Hirsch, a well-known wholesaler and building contractor.²⁰

It goes without saying that probate records also reflected Jewish households with very modest assets. Three of them had net liabilities (SEK 22,000 in one case) and nine had net

assets below SEK 1,000. Sometimes the low figures were the result of the deceased having stopped doing business for a while. Or a widow or unmarried woman might be the subject of the probate.

PRIVATE FINANCIAL INVESTMENTS

Financial assets outside the private promissory note market could lure investors as well. Equities and bonds appealed to those with greater appetite for risk-taking and real capital growth. As industrialisation proceeded, such investments became more widespread and popular than ever. Commercial trends and financial markets impacted household decisions to an unprecedented degree.

These investments of inherited wealth were much more common in Stockholm of the late 1870s than the 1850s. In other words, a fundamental transformation of interpersonal economic relationships had occurred. As financial markets expanded, monetarism grew both geographically and socially. Investors lived farther from their investments, shareholders were no

20. Stockholms Rådhusrätts arkiv, Bouppteckningar 1878, vol. F1A:662, no. 457 (SSA); Johnson 2017, 30. Since 1918, the Isaak Hirsch Memorial Foundation has provided residential housing for elderly poor people.

longer necessarily local and the emerging middle class was more involved. As a result, personal ties became more formal and technologically based.

A parallel impact on social and interpersonal relations stemmed from expansion of the monetary economy and reliance on financial assets, even beyond the wealthiest households, which “derived a distance through the ownership of shares and other forms of securities that constituted a distinct transformation in economic relations.”²¹

The generally unobserved but catalytic function of women’s wealth is worth noting. Despite institutional and cultural obstacles that formally limited their economic freedom during most of the nineteenth century, they become investors and shareholders in limited liability companies and government bonds. Upper-class women were taught bookkeeping and household management. Women leaned more toward conservative, risk-averse investments like banking and infrastructure.²² Generally speaking, male speculators were viewed as bold and their female counterparts as madcaps.²³

Other studies suggest that capital gains were far more integral to real private wealth accumulation in Sweden before 1910 than new savings or alternative assets.²⁴ Approximately 18% of probated adults (21% of men and 15% of women) in 1876–1880 had such holdings. These securities accounted for an estimated 34% (of 203 million SEK) in 1876 (1855: 3), 24% (of 275 million SEK) in 1877, 29% of SEK 274 million in total financial assets in 1878, 20% of SEK 259 million in 1879 and 36% of SEK 250 million in 1880. From a domestic point of view, these figures were quite considerable. Internationally speaking, however, they were insignificant in the 1850s but relatively normal a couple of decades later. Extant sources concerning England and Wales suggest

21. Green, Owens, Swan & van Lieshout 2011, 55f, 80. According to Georg Simmel’s *Philosophie des Geldes* 1900/1907; English translation from the second edition, Simmel 1991, 444.

22. Investments by women accelerated economic transformation and industrialisation. But they were also a vehicle of capital transfer to men given that women rarely borrowed from commercial banks or exercised their voting rights at shareholder meetings. Petersson 2006, 37, 43, 47f.

23. Craig 2016, 154–161. Investment per capita was much higher in the UK than Sweden but the basic structures were similar. Public joint stock companies could not be freely established until 1856 (1848 in Sweden, though 1864 for banks). Unlike Sweden, institutional changes in 1870 and 1882 afforded married women the same financial rights as others such that direct female holdings in these businesses increased significantly. In 1900, 50% of women shareholders were unmarried, 25% married and 25% widowed. Only 12% of all British companies had no females in their register. *Ibid.*, 156f.

24. “Before 1910, capital gains were the most important source of Swedish real private wealth growth, regardless of saving concept.” Waldenström 2017, tab. 1, 295f. The real break-through of limited liability companies, however, appeared somewhat later, beginning with the 1880s. Broberg 2006, 13f, 83ff.

approximately 20% from 1835 to 1869. Another estimate indicates that 27% of UK assets in 1870 were financial securities.²⁵ Stockholm financial markets in the late 1870s were similar in this respect.

The difference between investment patterns among men and women was not all that distinct. In 1878, probate records indicated that equities and bonds were distributed similarly, often in financial assets and sea or land transport. Men averaged five types of securities and women four. By 1879, both averaged three. Meanwhile, individually owned securities experienced an estimated 34% decline in value during the crisis. In 1880, men again averaged five types and women were down to three.

As opposed to the 1850s, holders belonged to all demographics while the upper class maintained its dominance. Probates in 1878 averaged securities of SEK 27,000 (1879: 22,712 and 1880: 32,261) for upper-class men, SEK 7,000 (1879: 2,754 and 1880: 7,359) for middle-class men and SEK 282 (1879: 134 and 1880: 585) for lower-class men. Probates in 1878 averaged securities of SEK 43,000 (1879: 21,262 and 1880: 37,123) for upper-class women, SEK 5,000 (1879: 8,504 and 1880: 2,884) for middle-class women and SEK 2,000 (1879: 5,980 and 1880: 939) for lower-class women. Forty of 66 women were widowed or unmarried in 1878, 42 of 76 in 1879, and 38 of 69 in 1880. Securities were clearly more widespread by the late 1870s. Unlike all men and upper-class women, middle-class and lower-class women were late starters and extended their holdings during the crisis of 1879.

High nominal share values still limited the volume of these assets.²⁶ A share in Stockholms Enskilda Bank had a nominal value of SEK 1,000 and its market price shot up prior to the crisis. Inherited nominal values averaged SEK 15,570 in 1878 (1855–59: SEK 7,152), SEK 10,957 in 1879, and SEK 15,647 in 1880. Thus, total value averaged SEK 570 per adult in 1878–80 (1855/59: SEK 65).

Views vary about the importance of private shares, as opposed to bank credits or direct investments, in financing industrialisation. Empirical evidence from this study suggests that private shareholders played a key role.²⁷

Though reflecting changes to interpersonal economic relations, Stockholm of the late 1850s still typified traditional private credit society. Investments

25. Green, Owens, Swan & van Lieshout 2011, Tab. 3.2, 66; Michie 1999, 71.

26. Given that shares were not regarded as a liquid investment, high nominal values were a non-issue. Average annual trading at the Stockholm Stock Exchange did not pass SEK 1 million until the 1880s. But 46% of nominal share values were below SEK 100 at the beginning of the decade. Broberg 2006, 103f, 117.

27. International handbooks concentrate on old research that disregarded the private sector. See Kindleberger 1993, 134f.



A Stockholms Enskilda Bank share was valued high at SEK 1,000 when issued in 1857. The Foundation for Economic History Research within Banking and Enterprise.

in securities were limited to a few demographic groups. By the late 1870s, on the other hand, the average values of such holdings had doubled in terms of inherited wealth, while the per adult figure was almost nine times as much. Despite high nominal share value thresholds, more people could afford at least some bonds issued by European cities at lower denominations.

FEMALE INVESTORS

The scene above (p. 27) from the posthumously published novel *Maurice* by E. M. Forster illustrates the lack of financial freedom for women. They were required to entrust their assets to their husbands or guardians. Widows, however, enjoyed more liberty and could e.g. take over their husband's businesses. In that sense, they had a greater societal impact than after industrialisation set in and rarely afforded them executive positions at limited liability companies. Research on their investments is still quite limited.²⁸

28. Craig 2016, 154, 165; Ighe 2007, 40. Moring & Wall (2017) performed a key study on the financial circumstances of European widows from 1600 to 1920. *Ibid.*, 164.

Sweden was similar in most respects. In 1880, 56.7% of all Stockholm women over 15 were unmarried, much higher than other Swedish cities. Most of them were lower class. The trend intensified during industrialisation, which attracted both men and women to the city.²⁹

A longstanding Stockholm institution managed the assets of minors, as well as absent or unknown heirs.³⁰ No other Swedish city had a similar arrangement. The Stockholm City Chamber of Guardians controlled the assets of unmarried women, who lived on the returns through the assistance of male guardians. Such setups frequently relegated them to much more humble circumstances than their substantial assets might otherwise have allowed. Similarly, men had sole access to deposits at savings and commercial banks. The same dynamic was at work when it came to long-term shares in limited liability companies. Attitudes began to change for institutional reasons, not in response to an ideology of equality.³¹

Very few women chose to request a declaration of majority, a real option until 1858 for those who wanted to start a business. The procedure was simplified in 1858–1863 and soon was triggered automatically at the age of 25. Not until 1884 were unmarried women regarded as fully competent like men at age 21.

The system has been justified by the claim that some middle-class women had sufficient personal wealth to enjoy financial security.³² They involuntarily contributed to the private credit market. The National Bank brokered the capital or it was lent directly to men who could offer sufficient real estate collateral.³³

29. Moring & Wall 2017, 30; Carlsson 1977, Tab. 6, 27f. In 1880, 41,831 of 73,758 adult females were unmarried. *Bidrag till Sveriges officiella statistik. A. Befolkningsstatistik. Ny följd, XXII:2–3*. Statistiska Centralbyråns underdåniga berättelse för år 1880. Andra-Tredje afdelningen, Tab. 1, 1, 30. Rudbeck 1899, 61.

31. Petersson 2006, 38, 43f. Public policy issues also played a role. See Ågren 2009, pp. 166–199, for a thorough overview of Swedish trends.

32. Hinnemo 2016, 58; Ighe 2007, 250. Legislation regulated the inherited wealth, largely real property, of unmarried women, but personal property was a different story. Assets acquired from wages were never restricted. Hinnemo 2016, 91–115; Liljewall 2013, 117–123. The notion that these women were merely passive money lenders or proxy investors has been called into question. See Davidoff & Hall 1987, 272ff; Petersson 2006, 36.

33. Corin & Rundquist 1956, 46, 51. Noblemen in the surrounding countryside normally provided needed real estate collateral. Of SEK 4.3 million outstanding claims in 1880, more than 15% were in bonds or deposit accounts at Rikets Ständers Bank or Stockholms Enskilda Bank. *Ibid.*, 64. The credit activities of the Stockholm City Chamber of Guardians were much more extensive than those of Stockholm City Savings Bank in the 1850s. They were less important in 1880 now that unmarried women were regarded as competent at 25. Stockholm City Savings Bank offered mortgages on collateral other than real estate as of 1871. Its claims in 1878 totalled

Few unmarried Stockholm women of the late 1870s could live exclusively on asset returns. Probate records indicate that only three of them held more than SEK 100,000, another nine more than SEK 50,000 and another 74 more than SEK 10,000. At 6% annual return, members of the latter group might be able to rent a small apartment. They most certainly needed wage earnings as well. Most of them were middle class. Some of them had partners and children.³⁴

Through their guardians, many women looked for safe havens that would yield returns on their capital at prespecified dates. The private promissory note market had suffered from this problem. André Oscar Wallenberg, spurred by a commitment to equal rights, encouraged them to deposit their assets with his bank, at the same time avoiding the problem of invisible priority rights. By 1900, 40–50% of the accounts were owned by women. The bank turned around and made the deposits and interest available to manufacturers or long-term investors.³⁵

Some women were luckier than others. The four most fortunate among probated women were Julia Sophia Giesecke (1835–1880), Maria Charlotta Isberg (1793–1879), Britta Catharina Valley (1788–1879) and Julia Eugenie Pettersson (1813–1878).

Giesecke is the best known, having willed her money to the Swedish National Museum of Art and Design. She was the daughter of a German wholesaler by the name of August Heinrich Giesecke and Johanna Vilhelmina Sundqvist from Sundsvall, Sweden. He was a widower who never remarried but left both women ample allowances. Giesecke had a middle-class upbringing that included study of foreign languages and the piano. When she died in 1880, her gross wealth was SEK 156,000, including real estate worth SEK 145,000. Her properties were Drottninggatan 59 and Holländargatan 11, where she lived with her mother. They bought the first one in 1867 and moved there in 1878. Its ground floor had housed the Ugglan pharmacy since the 1790s. Her debts of SEK 10,000 were to the Stockholm City Chamber of Guardians.³⁶

an estimated SEK 6,401,030 SEK, as opposed to lending of SEK 6,482,027. Two years later, the average figures were down to SEK 3,190,465 and SEK 6,650,345 respectively. Dandenell 1921, 132ff.

34. Nearly 14% had children in 1872. Matović 1984, p. 149.

35. *Finanskommitténs av 1858 betänkande*, 113f; Ighe 2007, 87, 123f; Nilsson 1984, 324; Pettersson 2006, 46.

36. Stockholms Rådhusrätts arkiv, Bouppteckningar 1880, vol. F1A:672, no. 379 (SSA). The property is still owned by Nationalmuseum, and the pharmacy remains a loyal tenant. Giesecke's foundation at the museum makes grants of SEK 2 million annually for acquisitions. Her books were donated to the Royal Library. Bjurström & Undorf 1996.



A rarely seen face: Britta Valley (1788–1879), photograph by C. J. Malmberg, Drottninggatan 42, Stockholm / Obituary, *Aftonbladet* 7 October 1879.

With gross wealth of SEK 153,000, the second richest unmarried woman was Maria Charlotta Isberg. She did not own any real estate. Her fortune was in securities (SEK 68,000, including three kinds of bonds and two kinds of equities) and accounts at Stockholms Enskilda Bank, Swedish National Bank and Stockholm County Savings Bank (SEK 63,000). The Kalmar newspaper reported her death in 1879.³⁷

The third wealthiest unmarried woman was Britta Catharina Valley with personal gross assets of SEK 134,000, including SEK 53,000 in bonds.³⁸ Nothing much is known about her life. She came from a wholesaler clan with inherited money. Her grandfather Samuel Valley Senior was born in London in 1705 and emigrated to Stockholm in 1735. The family later moved to Gävle where it ran a sugar and liquor business. A photograph shows either her or her sister.

Another wealthy unmarried woman was Julia Eugenia Pettersson with gross assets of SEK 65,000, including private promissory notes totaling SEK 56,000. She was born in Gothenburg to Deputy Judge Hans Edvard and Petrina Johanna Pettersson, née Löfvander. In 1865, her mother had inherited half of half Skeppsbron 26 (Pauliska House) from her daughter Constantia Clementina Pauli, the widow of Johan August Pauli, a wholesaler. Pettersson purchased it in 1868 and sold it to Adler Larsson, another wholesaler, in 1874.³⁹ One of her promissory notes was for SEK 40,000 from him.

Normal circumstances for the entire population differed substantially from those of the top elite. Table II:2 shows per adult values for several economic variables. Unmarried people were far below average. Single women were

37. Stockholms Rådhusrätts arkiv, Bouppteckningar 1879, vol. F1A:665, no. 237 (SSA). *Kalmar*, no. 55, 9 April, 1879, 3.

38. Stockholms Rådhusrätts arkiv, Bouppteckningar 1880, vol. F1A:670, no. 113 (SSA).

39. Stockholms Rådhusrätts arkiv, Bouppteckningar 1878, vol. F1A:660, no. 233 (SSA). Fastighetsregister 1675–1875, Nicolai församling, kv. Apollo, image no. 18, 22–24 (SSA).

TABLE II:2. Estimated Economics of Adult Women and Men in Stockholm 1876–1880. SEK, Current Prices, Per Adult.

	GROSS WEALTH	REAL ESTATE	FINANCIAL ASSETS	MOVABLES	TOTAL DEBTS	NET WEALTH
Adult women	3 604	1 121	1 996	487	945	2 660
Adult men	3 710	1 285	1 963	461	1 143	2 566
All adults	3 650	1 192	1 982	476	1 030	2 619
Unmarried adult women	482	129	292	61	49	433
Unmarried adult men	1 231	375	713	143	320	910
All unmarried adults	807	236	474	97	167	640

SOURCES: Stockholms Rådshusrätts arkiv, Bouppteckningar 1876–1882, vol. 651–680 (SSA). Ahlberg 1958, tab. C, p. 159; Bidrag till Sveriges officiella statistik. A. Befolkningsstatistik. Ny följd, XXII:2–3. Statistiska Centralbyråns underdåniga berättelse för år 1880. Andra–Tredje afdelningen, tab. 1, p. 1 (in both parts); Statistisk årsbok för Stockholms stad för år 1905, årg. XXXVIII, ny följd 2. Stockholm: Stockholms stads statistiska kontor 1907, tab. 31, p. 86.

COMMENTS: Estimates are founded on the living population in 31 December 1880 and on averages of mortality rates of the period 1871–1880, which have been inverted.

poorer than their male counterparts, though less so in terms of net than gross wealth.⁴⁰

In comparison with the city of Kalmar, where *per adult* debts were 602 SEK in 1871/75, the citizens of Stockholm were unsurprisingly more indebted in absolute figures, however, the general debt quota in Stockholm (28%) was lower than in Kalmar (37%).⁴¹

Analyses need to pay greater attention to variations among nineteenth century women in order to understand their contributions to social development. Getting a handle on the relationship between gender and economics demands it.⁴² Further research is clearly required.

40. Since only 14 probated unmarried women were younger than 25, estimates of their private wealth cannot be compared to actual lending by the Stockholm City Chamber of Guardians (SEK 4,258,984 in 1880). Corin & Rundquist 1956, 64. These particular women held estimated financial assets of SEK 1,622,073 at institutions other than banks. Only 7.7% of women under 25 had probate inventories.

41. Lindgren 2020, 161. A national sample with the purpose of describing the Swedish credit markets during certain benchmark years in the 1800s has been analysed, but still is unpublished. With the exception of Askersund and Filipstad, debt quotas were higher in 1880 than in Stockholm in those regional city samples, or in average 37%. Lindgren 2021, 8. However, average debt quotas were 29% in 1845 compared to Stockholm in the late 1850s, 50%.

42. Craig 2016, 166; Green & Owens 2003; Petersson 2006, 50.

Conclusions from the study of the 1870s

This study focused on the interplay between households and institutions in the Stockholm financial market from 1876 to 1880. The period was chosen to capture the impact, particularly on the private sector, of the 1878–1879 economic crisis. Research questions involved the shift from old to new structures under the influence of credit market institutionalisation, interpersonal relations and the composition of financial assets, and the correlation between general economic development and the private credit market. The Jewish business community and unmarried women received special attention.

Banks and other institutions aggressively pursued new customers in the 1850s to 1870s. While lending by credit institutions in Stockholm declined from 12% to 6% of the national total, private bank deposits and liabilities increased. As a result of the economic crisis, total gross wealth fell by 16% in 1878–1879 while liabilities were higher. The private promissory note market could absorb nonrestricted assets better than financial institutions. Bank lending rose by only 8% while the private promissory note sector jumped by 13% in 1879 and 66% by 1880. In terms of deferred payments for goods, assets in the private market declined by 41%. Foreign credit rose by 176% in 1878.

The private market served as a barometer of trade with slow intrinsic progression and as an avenue of communication with the banking industry. Financial markets had modernised faster in Stockholm than Gothenburg and other cities by the late 1870s. The private promissory note sector remained stronger elsewhere. Households in Stockholm held substantial financial assets compared to Europe in general. Holdings of securities rose from SEK 4.8 million in the 1850s to 71.2 million in the 1870s. Their share of assets fell by 34% during the financial crisis as a reflection of divestments and instability, particularly when it came to railway stocks and bonds. Securities were worth a total of SEK 90.1 million in 1880. Due to growing incorporation throughout Sweden, households held more financial assets than ever before.

Jewish entrepreneurs still played an active role in Stockholm. While representing only 0.75% of the population, their assets were remarkably high. The vigorous influx of foreign capital during the 1850s, however, had no counterpart in the late 1870s. Jewish investors concentrated on securities and lending in the private promissory note market.

Stockholm was known for the number of unmarried women and the importance of their private fortunes, “The Capital of Maids”. Not until 1863 were they regarded as legally competent at 25, though still not on a par with men. The Stockholm City Chamber of Guardians managed their assets and



‘— Oh, such a large banknote, there is no smaller one?’

‘— No, Miss has to excuse me; but it is not my fault, because I have borrowed it.’

Söndags-Nisse – Illustrerad Veckoblad för Skämt, Humor och Satir, no. 40, 6 October 1878. Stockholmskällan.

made them involuntary lenders in the private credit market, though less so by 1880. While unmarried people tended to be relatively poor, some women were affluent enough to lead a pleasant, middle-class existence.

The private credit market still played major role, promoting investment in a wide variety of securities. After the crisis of 1878–1879, Stockholm enjoyed sustained economic development. Although the 1880s and the early 1890s have been referred to as the Great Depression, the transformation of the 1870s sparked reindustrialisation in Stockholm such that financial capital was a leading driver of GDP all the way to World War II.

The period of this study covers the shift from private investment to banking through the lens of interpersonal economic relations. The previous period illustrated the importance of the promissory note market and evolution of banking, as well as a more equitable distribution of investment in securities. As a result, businesses could attract venture capital while private wealth had access to key financial instruments.

Appendix

TABLE II:1. Estimates of Financial Assets and Debts in Stockholm, 1876–1880 (SEK, Current Prices).

	STHLM 1876	SHARE	STHLM 1877	SHARE
GROSS WEALTH, INCL. BAD DEBTS	408 781 132	100%	502 890 548	100%
of which real estate (owned part, ratable values)	133 535 450	33%	151 324 232	30%
of which movables (at valuation prices)	67 389 029	16%	71 003 823	14%
of which cash	5 181 956	1%	5 516 197	1%
share of gross wealth	1,3%		1,1%	
OF WHICH CLAIMS				
Private promissory notes (IOU's)	38 619 250	19%	52 157 172	19%
Deferred payments for goods	21 443 177	11%	22 027 258	8%
Foreign, incl. life assurances	969 189	0%	607 834	0%
Banks	16 947 217	8%	25 355 416	9%
Other institutional claims	42 690 643	21%	97 522 858	35%
Securities (nominal values incl. yields)	69 612 462	34%	64 719 522	24%
Bad debts	12 392 760	6%	12 656 247	5%
SUM	202 674 698	100%	275 046 307	100%
share of gross wealth	50%		55%	
DEBTS				
Private promissory notes (IOU's)	43 588 899	38%	56 191 471	36%
Deferred payments for goods	26 894 589	24%	41 231 113	26%
Foreign (deferred payments for goods)	3 090 585	3%	9 033 346	6%
Banks and other institutes	40 259 765	35%	49 512 670	32%
SUM	113 833 838	100%	155 968 600	100%
share of gross wealth (debt quota)	28%		31%	
Total lending from Sweden's credit institutes	699 000 000		731 000 000	
Stockholm's share of the national figure	6%		7%	
Financial net	88 840 860		119 077 707	
Net wealth	294 947 294		346 921 948	

SOURCES: Sources: Nygren 1981, 11; Nygren 1985, 140, tab. 2a, 3a; Perlinge, this study.

COMMENTS: The total lending from Sweden's credit institutes is extrapolated, 1877–1879, 731/763/795 MSEK, and the first figure (699 MSEK) refers to 1875. In this table there is no elimination of extreme individual values.

STHLM 1878	SHARE	STHLM 1879	SHARE	STHLM 1880	SHARE	STHLM 1876-1880	SHARE
511 713 822	100%	432 248 646	100%	511 927 290	100%	473 512 288	100%
178 723 631	35%	123 833 644	29%	185 761 773	36%	154 635 746	33%
53 568 938	10%	45 389 137	11%	71 492 487	14%	61 768 683	13%
5 094 037	1%	4 059 954	1%	4 444 097	1%	4 859 248	1%
1,0%		0,9%		0,9%		1,0%	
62 363 915	23%	75 539 687	29%	73 506 768	29%	60 437 358	24%
20 312 696	7%	11 970 771	5%	12 495 650	5%	17 649 910	7%
955 687	0%	1 674 285	1%	880 138	0%	1 017 427	0%
23 765 788	9%	35 318 575	14%	23 360 696	9%	24 949 538	10%
69 898 459	25%	71 015 175	27%	29 275 757	12%	62 080 578	25%
79 335 710	29%	52 249 924	20%	90 078 455	36%	71 199 215	28%
17 694 961	6%	11 197 495	4%	20 631 471	8%	14 914 587	6%
274 327 216	100%	258 965 912	100%	250 228 935	100%	252 248 614	100%
54%		60%		49%		53%	
40 626 252	33%	46 023 086	34%	67 642 038	47%	50 814 349	38%
29 404 039	24%	29 326 177	22%	23 975 628	17%	30 166 309	23%
1 722 532	1%	4 760 405	4%	4 251 451	3%	4 571 664	3%
49 642 684	41%	53 851 323	40%	47 411 752	33%	48 135 639	36%
121 395 507	100%	133 960 991	100%	143 280 869	100%	133 687 961	100%
24%		31%		28%		28%	
763 000 000		795 000 000		827 000 000		827 000 000	
7%		7%		6%		6%	
152 931 709		125 004 921		106 948 066		118 560 653	
390 318 315		298 287 655		368 646 421		339 824 327	

TABLE II:A. Adult Contemporary Population by end of 1880 and Average Annual Number of Deceased in Stockholm 1871–1880; Average Mortality, M, Inverted Mortality Multipliers, 1/M, and Number of Adults Probated 1876–1880.

AGE GROUP	MEN	DECEASED (AVERAGE)	NUMBER OF PROBATED					M	1/M
			1876	1877	1878	1879	1880		
15–20	6 847	48	2	4	1	3	3	7,05	141,84
20–25	9 660	117	9	9	7	14	9	12,15	82,30
25–30	9 031	132	21	28	25	31	23	14,62	68,40
30–35	6 964	144	37	35	32	33	30	20,70	48,31
35–40	5 975	173	54	30	54	56	35	28,96	34,53
40–45	5 086	174	49	57	46	40	36	34,26	29,19
45–50	4 175	156	47	53	42	51	41	37,47	26,69
50–55	2 882	125	55	49	36	38	49	43,25	23,12
55–60	2 368	124	39	55	37	46	41	52,54	19,03
60–65	1 498	86	28	41	41	31	40	57,56	17,37
65–70	806	65	37	33	24	21	43	81,19	12,32
70–75	408	41	17	23	11	14	26	100,56	9,94
75–80	190	30	14	16	11	15	20	155,63	6,43
80–85	71	15	8	6	8	10	12	216,25	4,62
85–90	19	4	1	2	3	7	2	216,25	4,62
90–95	2	0	0				1	216,25	4,62
95–100	0	0	1					216,25	4,62
SUM	55 982	1 437	419	441	378	410	411		
Frequency of probated			29,2%	30,7%	26,3%	28,5%	28,6%		
Probated, unidentified age			5	8	7	8	6		

SOURCES: Ahlberg 1958, tab. C, 159; Statistisk årsbok för Stockholms stad för år 1905, årg. XXXVIII, ny följd 2. Stockholm: Stockholms stads statistiska kontor 1907, tab. 31, 86; Stockholms Rådhusrätts arkiv, 1:a avdelning, Bouppteckningar 1876–1882, vol. F1A:651–680 (SSA).

COMMENTS: Children aged 0–14 are not included. Merely few probates concern minors during the period 1876–1880. Decedants with unidentified age (59) are also excluded. In total, 4,233 probate inventories are used as sources.

WOMEN	DECEASED (AVERAGE)	NUMBER OF PROBATED					M	1/M
		1876	1877	1878	1879	1880		
7 352	42	1	1	3	2	2	5,78	173,01
10 150	88	12	17	11	6	7	8,65	115,61
9 492	92	27	25	28	21	28	9,73	102,77
8 295	93	40	35	19	32	28	11,26	88,81
7 630	103	38	39	43	36	37	13,45	74,35
6 765	93	31	29	26	45	37	13,69	73,05
5 969	99	37	32	32	30	31	16,55	60,42
4 887	95	29	41	28	29	33	19,35	51,68
4 367	106	44	29	33	37	46	24,30	41,15
3 230	110	29	45	39	38	44	34,16	29,27
2 520	114	42	32	39	47	43	45,42	22,02
1 520	103	33	41	32	35	36	68,01	14,70
986	103	30	32	34	29	44	104,46	9,57
436	77	27	16	20	27	29	177,12	5,65
134	24	15	11	12	19	13	177,12	5,65
23	4	7	3	4	6	1	177,12	5,65
2	0	1		1		1	177,12	5,65
73 758	1 347	443	428	404	439	460		
		32,9%	31,8%	30,0%	32,6%	34,1%		
		2	8	5	4	6		

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The history of the first private commercial note-issuing financial institution in Stockholm, Stockholms Enskilda Bank (1856–1971), has been thoroughly researched and published in several volumes. The biographies of its leaders and members of the Wallenberg family also contribute to knowledge about Swedish financial history.

This volume supplements that narrative, including a view of the entire private credit market in Stockholm during the nineteenth century, with a special focus on the financial situation among the broader population at the time of the Bank's establishment in the mid-1850s and the first Swedish financial industrial-based crisis in the late 1870s. New methods provide alternative insights into the impact of economic crises and long-term changes to household finances in Stockholm.

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