# The history of states

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Boksidan

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Translated from Swedish to English by Google translator and Gunnar Björing.

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The history of states, ISBN: 978-91-88109-29-3

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# How today's nations emerged

The opposite of social systems is that all individuals take care of themselves completely from birth until death. It has never existed in human history and it is not even given in the fauna. Possibly it exists among microscopic animals like bacteria's, some species of fish and insects like flies. All the animals who take care of their offspring, however, have systems to ensure that they get food and divides resources to defend their children against enemies. Flock living carnivores like dogs share the booty according to particular systems decided by the leader. Some animals, such as ants and bees, even have systems where different individuals are given different tasks from birth.

The financial systems in the fauna seems, in contrast to our system, evolve very little over time. It may be because they do not have hands or have too little brain. It may also be because they do not have equal need of development that we humans have. We have so little hair that we need clothes to protect ourselves against sun and cold, we need tools to kill many of the animals that we want to eat and our offspring require more time from when they are born until they look after themselves. The latter have the effect that we need to organize ourselves and allocate resources for the children's sake for longer time than animals, besides maybe elephants. And secondly, it has the effect that it costs more for us to create a "complete" individual, which results in that we most likely are less willing than animals to sacrifice any individual.

Probably we humans long ago started to, like bees, specialize for the best of our flock. Some hunted, others picked fruits and someone was assigned the task of allocating workers in a smart way.

Over time, the flocks became larger and with it the specialization went further. Flocks merged, more or less voluntarily, with other flocks (villages) and subordinate themselves under a common leader, which guaranteed some measure of defence against other groups of flocks. All those who offered services to the others, especially the leader and those who protected the other, took charge for this and eventually humanity ended up in an economic and social system that is about the same as today. Some of the most important events in the shaping of today's flocks (states) are described below.

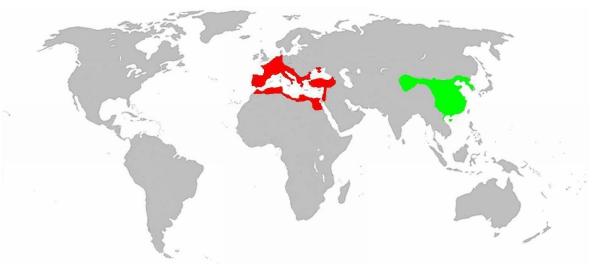


Figure 1. The most organized large kingdoms the year 0. The Roman Empire grew during the years 340-270 BC from just include the city of Rome to cover the majority of the Italian peninsula. Then it grew further, through various wars, and involved just before the year 0 all coasts around the Mediterranean. It reached its greatest extent the year 117th. In some areas the citizens had full Roman citizenship, in others it was limited, while those in additionally other parts they were "allies" that were basically allowed to take care of themselves. China was since 206 BC ruled by the Han Dynasty and was therefore called the Han Empire. They led a successful policy of expansion and it was about 100 years later, even greater than the Roman Empire. In addition to China there were in Asia organized kingdoms in India and the south-western part of the Arabian Peninsula (present Oman and Yemen). In Africa, there were organized kingdoms in present Sudan and Ethiopia. Mayans had organized cultures in parts of Mexico and there were pretty organized cultures also in the western United States and in the Andes.

500 years later, the Roman Empire fell to a fragment consisting of its former eastern part (Eastern Roman Empire = Greece, Turkey, Lebanon, Syria, Jordan, Israel and Egypt). Eastern Roman Empire existed until the 1400s, but the boundaries were often changed and during the latter part it was called the Byzantine Empire. The majority of the Roman Empires Western European cities were reduced or disappeared. The Han-Empire had also disappeared, and in its place there were three rival Chinese kingdoms. Moreover, there were organized kingdoms in the current Iran and Iraq (Sassandin kingdom), India and Japan.

Around 700 the first North American cities were built in the Mississippi Valley.

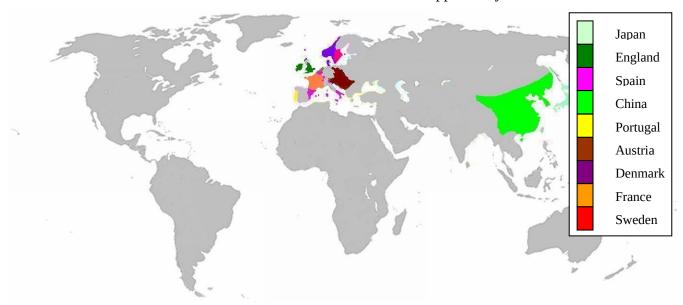


Figure 2. The larger nations that, in reasonably orderly form existed in 1000 and still do and their approximate contemporary borders. In addition to these larger kingdoms there was Ethiopia, whose former borders I do not know.

The city of Timbuktu (in the central African country of Mali) was founded in 1100.

In 1255 Prague and Stockholm became cities.

In the current Peru, Incas expanded their empire and the Aztecs expanded in Central America. The Aztecs were farmers and they lived in western Mexico, but in the early 1300s, they were forced to move to what is now Mexico City, two marshy islands in Texoco Sea. The city was built of stone and was connected to the mainland by a number of bridges. The area around the city was drained and there was fertile land that gave such great harvests that the population could grow significantly and even feed a professional army. This, and some other American cultures, was thus relatively high standing regarding building technology. But they could not make iron and besides Incas (who used bronze objects) metals was used only for decoration. They lacked also wheeled vehicles and pull, riding and pack animals (besides those llamas were used for carrying loads in Peru).

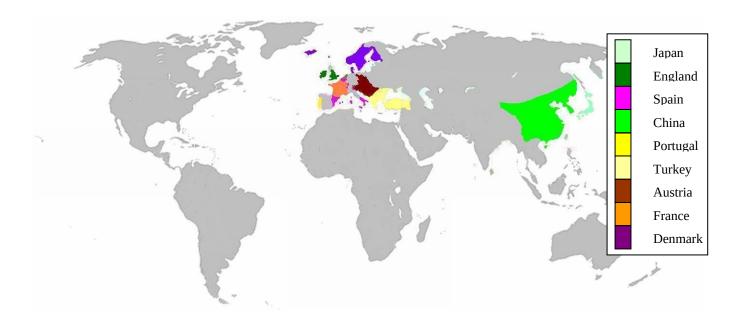


Figure 3. The larger nations that existed in fairly orderly form in 1400 and still do (besides Ethiopia and Thailand, whose former extent I do not know), and their approximate borders at that time. In 1400 Sweden did not exist because we were in "union" with Denmark, 1389 to 1521.

Beijing was founded in 1400 and became the nation's capital. The Portuguese and the Spaniards began in the 1400s to explore the world, for various reasons, probably mainly:

- The Portuguese had developed a kind of good ocean sailing vessels (the caravels).
- Their economies were dependent on gold and silver currency, but low availability of the metals had plunged them and many other European countries in a recession.
- The trade route to India was controlled by the Ottoman Empire and they closed the way for other nations (first it was the spices and silk that attracted the Europeans, later they began to also import cotton fabrics and carpets, perfumes, tobacco and basic commodities like rice, salt and wheat).

These explorations led to that the Spaniard Christopher Columbus reached America in 1492, and also to that the Portuguese sailed along the coast of Africa in search of a waterway to India. The Portuguese established coastal colonies to ensure supply stores along the way and to acquire slaves (but the interior of the continent remained unexplored by Westerners until the 1800s). These efforts eventually led to Portuguese trading posts in India.

1480 the Grand Duchy of Moscow liberated itself from the Mongols, who at that time ruled large areas of land in today's Russia in particular. The city became the centre of the new kingdom Russia and it expanded strongly well into the 1900s.

The European trade with slaves from Africa was officially launched the year 1496<sup>th</sup>. The same year the Spaniards founded the first city in the New World, with the construction of Santo Domingo, which is now the capital of the Dominican Republic.

Around 1520 was the Aztec empire was destroyed by the Spaniards. Ten years later, they had beaten also the Incas. This allowed the Spaniards to seize their production of gold and silver, which made Spain rich and powerful. The main source of silver was a mine in the Andes which in 1570 had a population that was almost as big as the one in Paris (120 000 people).

1532 was the starting point of the first permanent Portuguese settlement in Brazil.

In the mid 1500s, slaves overtook the position of being the most important African export goods from gold.

English, French and Dutch conquerors took islands in the Caribbean Sea from the Spaniards (some Spanish islands had already been emptied of people to get slaves to their projects and on others they had died of in diseases). On the North American mainland Englishmen started settlements in Virginia and New England, the French did the same in Quebec and Louisiana and the Dutch in what they called New Netherlands.

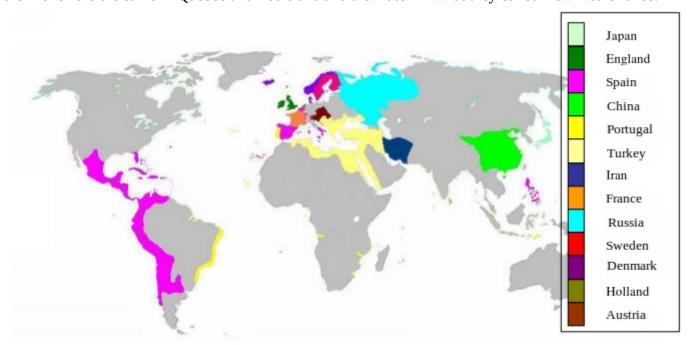


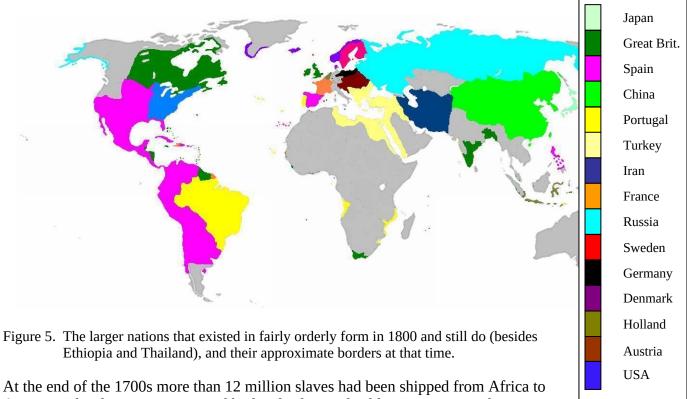
Figure 4. The larger nations that existed in fairly orderly form in 1600 and still do (besides Ethiopia and Thailand), and their approximate borders at that time.

After the British victory over the Spanish Armada in 1588, they broke the Portuguese and Spanish domination on the seas. 1612 their monopoly of trade with India also was broken, when the British East India company<sup>1</sup> defeat of the Portuguese in India.

But it was the Dutch who dominated the East India trade during the 1600s. Because they built simple long and narrow sailing vessels with plenty of cargo space and they could sail long distances without going to port. Though both English and Dutch trading posts were built India in the 1600s.

At the beginning of the 1700s the English and the Scots chose to merge into one nation (the UK) and they took the lead in the further colonization. But China also expanded and conquered Mongolia, Tibet and Nepal.

<sup>&</sup>lt;sup>1.</sup> The early western colonization was operated as semi-public/semi-private companies. Columbus voyage to America was funded by Italian investors and the early English, French and Dutch colonizers were private companies (trading companies, like East India Company).



America. The slaves were captured by local rulers and sold to European traders. In exchange, the rulers got cotton, copper, iron, tin, brandy and glass jewellery.

1834 slavery was abolished throughout the British Empire.

In 1864 prisoner transportation to Australia was abolished.

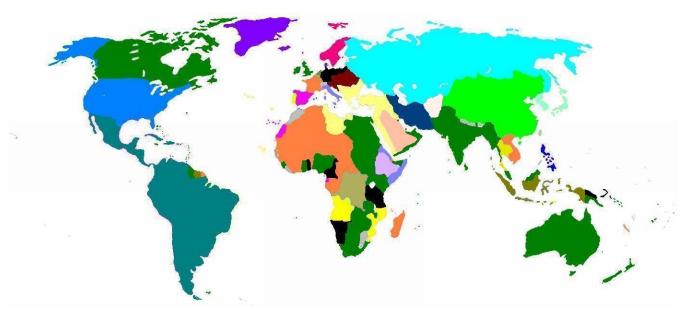


Figure 6. The larger nations that existed in fairly orderly form in 1900 and still do, and their approximate borders at that time. The countries that got independence from Spain during the 1800s are marked.

As seen in figure 6 was a large part of the world in 1900, controlled by European colonial powers. And the majority of today's countries did not yet exist, because of all the approximately 188 fully independent sovereign states that existed in 2000, 102 has been added since 1959 (table 1).

Table 1. When the countries that existed in 2000 became fully independent and organized states (apart from shorter occupations e.g. during World War II) and what the areas were before that.

|                        |            | g World War II) and what the areas were before that.                                       |
|------------------------|------------|--|
| Country Afghanistan    | 1700s      | What it was before independence  Part of sometimes Ottoman / Persian Empire - 1700s        |
| Albania                | 1913       | Part of the Ottoman Empire 1300/1400-tal -1878, then divided into several states           |
| Algeria                |            | •  |
| o .                    | 1962       | French colony 1830-1962 Part of France   |
| Andorra                | 819        |  |
| Angola                 | 1975       | Portuguese colony 1491-1975  Pritish colony / protectors to 1667, 1091                     |
| Antigua and<br>Barbuda | 1981       | British colony / protectorate 1667-1981  |
| Argentina              | 1810       | Spanish colony 1527-1816   |
| Armenia                | 1991       | Ottoman Empire in 1500's-1800's, Russia 1882-1918, 1920-1991 Soviet                        |
| Australia              | about 1945 | British colony that is gradually freed from 1901-1986                                      |
| Azerbaijan             | 1991       | Persia in 1500's-1813, Russia from 1813 to 1918, the Soviet Union 1920-1991                |
| Bahamas                | 1973       | British colony / protectorate 1792-1973  |
| Bahrain                | 1971       | Persian? -1521, Portuguese 1521-1602, Persian 1602-1783. British 1861-1971                 |
| Bangladesh             | 1971       | British colony / protectorate? -1947, Pakistan 1947-1971                                   |
| Barbados               | 1966       | British colony / protectorate 1627-1966  |
| Belgium                | 1831       | Different sovereignty, divided the Netherlands and France? -1831                           |
| Belize                 | 1981       | British colony / protectorate? -1981   |
| Benin                  | 1960       | French colony 1851/93-1960   |
| Bhutan                 | 19??       | British protectorate in 1910 -?  |
| Bolivia                | 1825       | Spanish colony in 1500's-1825  |
| Bosnia and             | 1995       | Ottoman Empire 1463 -1878, 1878-1918 Austria, alliance with neighbouring                   |
| Herzegovina            |            | countries 1918-1991  |
| Botswana               | 1966       | British colony / protectorate 1885-1966  |
| Brazil                 | 1822       | Portuguese colony 1532-1822  |
| Brunei                 | 1983       | British colony / protectorate 1890-1983  |
| Bulgaria               | 1878       | Ottoman Empire 1300/1400-tal-1878  |
| Burkina Faso           | 1960       | French colony 1896-1960  |
| Burma                  | 1948       | British colony / protectorate 1890-1948  |
| Burundi                | 1962       | German colony 1890-1919, Belgian colony 1919-1962  |
| Central African        | 1960       | French colony 1884-1960  |
| rope.<br>Chile         | 1818       | Spanish colony in 1500's-1818  |
| Colombia               | 1830       | Spanish colony in 1500 s-1616  Spanish colony of about 1500-1819, Grand Colombia 1819-1930 |
| Costa Rica             | About 1839 | Spanish colony 1540-1821, Mexico 1822-1823, federation with neighbours                     |
| Costa Nica             | A00ut 1033 | 1824-1839 + 1897-1898  |
| Cyprus                 | 1960       | British colony / protectorate 1878-1960  |
| Denmark                | About 985  | Various small kingdoms   |
| Dem Rep of<br>Congo    | 1960       | Belgian colony 1885-1960   |
| Djibouti               | 1977       | French colony 1884-1977  |
| Dominica               | 1978       | British colony / protectorate 1763-1978  |
| Dominican rep.         | 1844       | Spanish colony in 1500's-1821, Haiti 1821-1844   |
| Ecuador                | 1830       | Spanish colony in 1500's-1819, 1819-1930 Grand Colombia                                    |
| Egypt                  | 1922       | Ottoman Empire in 1500-1882's, a British colony from 1882 to 1922                          |
| Equatorial             | 1968       | Spanish colony 1843-1968   |
| Guinea                 | 1500       | Spainsh colony 10 to 1000  |
| El Salvador            | 1838       | Spanish colony in 1520's-1821, Mexico, federation with neighbouring countries 1821-1838    |
| Ivory Coast            | 1960       | French colony 1842/82-1960   |
| Eritrea                | 1994       | Italian colony 1889-1941, British Administration 1941-1952, Ethiopia 1952-1994             |
| Estonia                | 1991       | Sweden 1561-1721, Russia 1721-1920, freely 1920-1944, the Soviet Union                     |
| Ethiopia               | 300s       | 1944-1991 Were the 300's, crumbled in the 1700s, it was agreed back in 1853                |
| Fiji                   | 1970       | British colony / protectorate from the end of the 1800s-1970                               |
| Philippines            | 1946       | Spanish colony in 1500's-1898, American colonists 1898-1943                                |
| Finland                | 1917       | Sweden 1249-1809, Russia 1809-1917   |
| ı ımanu                | 191/       | 5 WCUCH 1245-1005, INISSIA 1005-1517   |

| France           | 843        | Varying affiliation -843  |
|------------------|------------|---|
| FRY              | 1992/2006  | Austria 1300's-1918, Yugoslavia (in various forms) from 1918 to 1992, Federal   |
|                  |            | Serbia and Montenegro, 1992-2006  |
| UAE              | 1971       | British colony / protectorate 1892-1971   |
| Gabon            | 1960       | French colony 1884-1960   |
| Gambia           | 1965       | British colony / protectorate 1843-1965   |
| Georgia          | 1991       | Russia, 1700s-1918, the Soviet Union 1921-1991  |
| Ghana            | 1957       | British colony / protectorate 1901-1957   |
| Greece           | 1830       | Ottoman Empire 1300/1400-tal-1830   |
| Grenada          | 1974       | British colony / protectorate? -1974  |
| Guatemala        | 1847       | Spanish colony 1523/42-1821, federation with neighbouring countries 1821-1847   |
| Guinea           | 1958       | French colony 1843-1958   |
| Guinea-Bissau    | 1974       | Portuguese colony 1886-1974   |
| Guyana           | 1966       | British colony / protectorate 1831 -1966  |
| Haiti            | 1804       | Spanish colony in 1500's-1697, a French colony from 1697 to 1804, the United States 1915-1934                                     |
| Honduras         | 1838       | 1524-1821 Spanish colony, 1821-1838 federation with neighbours  |
| India            | 1947       | British colony / protectorate? -1947 (+ A number of Portuguese & French trading posts became free later)                          |
| Indonesia        | 1954       | Dutch colony 1850-1949  |
| Iraq             | 1932       | Ottoman Empire 1534-1918, British colony / protectorate 1918-1932   |
| Iran             | 1500s      | Turkish followed by Mongolian   |
| Ireland          | About 1937 | Union with Great Britain 1801-1937/49   |
| Iceland          | 1944       | 1262-1389 Norway, Denmark 1389-1944   |
| Israel           | 1948       | Ottoman Empire in 1500-1920's, a British colony / protectorate 1920-48  |
| Italy            | 1861       | Small kingdoms -1861  |
| Jamaica          | 1962       | British colony / protectorate 1655-1962   |
| Japan            | 500sl      | Small kingdoms  |
| Yemen            | 1990       | South Yemen: British 1800s-1967, North Yemen: Ottoman 1800-1918, late 1990  |
| Jordan           | 1946       | Ottoman Empire in 1500-1920's, a British colony / protectorate 1920-46  |
| Cambodia         | 1954       | French colony 1863-1954   |
| Cameroon         | 1960       | German colony 1884-1919, French colony 1919-1960  |
| Canada           | About 1949 | British colony / protectorate from the 1600s that gradually disappeared to 1982   |
| Cape Verde       | 1975       | Portuguese colony 1456-1975   |
| Kazakhstan       | 1991       | Russia / USSR 1731-1991   |
| Kenya            | 1963       | British colony / protectorate 1898-1963   |
| China            | Before 0   | China has in various existed for over 2000 years  |
| Kyrgyzstan       | 1991       | Russia / Soviet 1800s-1991  |
| Kiribati         | 1979       | British colony / protectorate 1892-1979   |
| Comoros          | 1975       | French colony 1841/86-1975  |
|                  | 1960       | Portuguese colony 1400s -1891, French colony from 1891 to 1960  |
| Congo<br>Croatia | 1900       | Austria 1700s-1918, different unions with neighbouring States 1918-1991   |
| Cuba             | 1909       | Spanish colony in 1500's-1902, the U.S. controlled 1902-1909  |
| Kuwait           | 1961       | Ottoman Empire 1700s-1899, British colony / protectorate 1899-1961  |
|                  | 1954       | French colony? -1954  |
| Laos             | 1966       | •   |
| Lesotho          | 1966       | British colony / protectorate 1868-1966 Sweden 1630 1700 Puggia 1700 1030 from 1030 1044 the Soviet Union 1044                    |
| Latvia           |            | Sweden 1629-1709, Russia 1709-1920, free 1920-1944, the Soviet Union 1944-1991  |
| Lebanon          | 1943       | Ottoman Empire in 1500-1920's, a British colony / protectorate 1920-43  |
| Liberia          | 1847       | Portuguese colony (coastal area) 1461-1847  |
| Libya            | 1951       | Ottoman Empire in 1500-1911's, Italian colony from 1911 to 1941, the British administration from 1941 to 1952                     |
| Lichtenstein     | 1866       | Association with other German principalities -1866  |
| Lithuania        | 1990       | Union with Poland in 1500's-1795, Russia from 1795 to 1918, ex 1918-1944, 1944-1990 Soviet  |
| Luxembourg       | 1866       | Varying affiliation, later German Confederation 1815-1866   |
| Madagascar       | 1960       | French colony 1643-1960   |
| Macedonia        | 1991       | Ottoman Empire in 1300's -1913, divided on Serbia and Bulgaria 1913-1918, various associations with neighbouring States 1918-1991 |
|                  |            | 0   |

| Malawi                       | 1964  | British colony / protectorate 1891 - 1953, the Central African Federation, 1953-1963           |
|------------------------------|-------|--|
| Malaysia                     | 1957  | Portuguese colons 1500's-1800's, a British colony / protectorate 1800-tal-1957/63              |
| Maldives                     | 1965  | British colony / protectorate 1887-1965  |
| Mali                         | 1960  | French colony 1893/1904-1960   |
| Malta                        | 1964  | British colony / protectorate 1815-1964  |
| Morocco                      | 1956  | French colony 1912-1956  |
| Mauritania                   | 1960  | French colony? -1960   |
| Mauritius                    | 1968  | Dutch 1598-1715, French 1715-1810, UK 1810-1968  |
| Mexico                       | 1821  | Spanish colony 1519-1821   |
| Mozambique                   | 1975  | Portuguese colony 1505-1975  |
| Moldova                      | 1991  | Russia/Soviet, 1794-1991   |
| Mongolia                     | 1990s | China 1600s-1911, Russian vassal state from 1921 to 1990's                                     |
| Namibia                      | 1990  | German colony 1888-1919, South Africa / UK 1920-1990   |
| Nauru                        | 1968  | German colony 1885-1919, Australia / UK 1919-1968  |
| The Netherlands              | 1579  | Varying affiliation, later Spain   |
| Nepal                        | 1911  | Controlled by China -1911  |
| Nicaragua                    | 1839  | Spanish colony 1524-1823, 1823-1839 federation m neighbours                                    |
| Niger                        | 1960  | French colony 1899/1912-1960   |
| Nigeria                      | 1960  | British colony / protectorate 1861/1900-1960   |
| North Korea                  | 1948  | Japanese colony 1895-1945, Soviet administered 1945-1948                                       |
| Norway                       | 1905  | Denmark 1389-1810, Sweden 1810-1905  |
| New Zealand                  | 19??  | British colony / protectorate 1840 -?  |
| Oman                         | 1971  | Ottoman Empire 1659-1741, British colony / protectorate 1891-1971                              |
| Pakistan                     | 1971  | British colony / protectorate? -1947   |
| Palau                        | 1994  | Spanish 1800-1899, 1899-1914 German, Japanese 1914-1944, United States 1944-1994               |
| Panama                       | 1978  | ca 1500-1821 Spanish colony, 1821-1903 Colombia, American protectorate 1903-1978               |
| Papua New<br>Guinea          | 1975  | Australian / British colony / protectorate 1919-1975   |
| Paraguay                     | 1811  | Spanish colony in 1500's-1811  |
| Peru                         | 1821  | Spanish colony in 1500's-1821  |
| Poland                       | 1918  | For a long time free then divided between Russia, Presussen (Germany) and Austria, 1795-1918   |
| Portugal                     | 1128  | Supremacy varied over time, freely 1128-1580, Spain 1580-1640                                  |
| Qatar                        | 1971  | Ottoman Empire 1872-1916, British colony / protectorate 1916-1971                              |
| Romania                      | 1881  | Ottoman Empire 1400s-1700s, Russia 1700s-1881  |
| Rwanda                       | 1962  | German colony 1890-1919, Belgian colony 1919-1962  |
| Russia                       | 1480  | The golden horde (Mongolian State) 1226-1480/1502  |
| St. Kitts and                | 1983  | British colony / protectorate 1623-1983  |
| Nevis                        | 1505  | 2. Mash colony / protectionate 19 <b>2</b> 0 1000  |
| St Lucia                     | 1979  | British colony / protectorate 1814-1979  |
| St. Vincent & the Grenadines | 1979  | British colony / protectorate 1763-1979  |
| Solomon Islands              | 1978  | British colony / protectorate 1890s-1978   |
| Samoa                        | 1961  | German colony 1900-1914, New Zealand 1914-1961   |
| Sao Tome and                 | 1975  | Portuguese colony 1483-1975  |
| Principe                     |       |  |
| Saudi Arabia                 | -     | Have never been colonized off or occupied, but was populated long as "just" the nomadic people |
| Switzerland                  | 1291  | Part of the Holy Roman Empire - 1291   |
| Senegal                      | 1960  | French colony 1637/1889-1960   |
| Seychelles                   | 1976  | British colony / protectorate 1814-1976  |
| Sierra Leone                 | 1961  | British colony / protectorate 1787-1961  |
| Singapore                    | 1963  | British colony / protectorate 1819-1963  |
| Slovakia                     | 1993  | Hungary's 800-1918, Czechoslovakia 1918-1939, Germany 1939-1945, Czech-sl. 1945-1993           |
| Slovenia                     | 1991  | Austria 1300's-1918, different unions with neighbouring States 1918-1991                       |
| Somalia                      | 1960  | Italian colony 1881-1960   |

| Spain          | 1479       | Divided in several men  |
|----------------|------------|---|
| Sri Lanka      | 1948       | British colony / protectorate? -1948  |
| UK             | 400s       | Part of roman empire-400's, then England from 1707  |
| Sudan          | 1956       | British colony / protectorate 1899-1956   |
| Suriname       | 1975       | Dutch colony 1600s-1975   |
| Sweden         | 1521       | Denmark 1389-1521   |
| Swaziland      | 1958       | British colony / protectorate 1903-1958   |
| South Africa   | 19??       | British colony / protectorate 1814/1902-?   |
| South Korea    | 1948       | Japanese colony 1895-1945, the United States administered 1945-1948                                     |
| Syria          | 1944       | Ottoman Empire in 1500-1920's, French colony / protectorate 1920-1944                                   |
| Tajikistan     | 1991       | Russia?/Soviet -1991  |
| Taiwan         | 1945       | Part of China -1945   |
| Tanzania       | 1961       | German colony 1890-1919, British colony / protectorate 1919-1961  |
| Chad           | 1960       | French colony 1884-1960   |
| Thailand       | 1300s      | Do not know   |
| Czech Republic | 1993       | Austria 1500's-1918, Czechoslovakia 1918-1939, Germany 1939-1945, Czech-sl. 1945-1993                   |
| Togo           | 1960       | German colony 1894-1919, British colony / protectorate 1919-1960  |
| Tonga          | 1970       | British colony / protectorate 1900-1970   |
| Trinidad &     | 1962       | British colony / protectorate 1802-1962   |
| Tobago         |            |   |
| Tunisia        | 1956       | French colony 1881-1956   |
| Turkey         | About 1300 | Called Ottoman / Ottoman Empire about1300-1923  |
| Turkmenistan   | 1991       | Russia/Soviet, 1884-1991  |
| Tuvalu         | 1978       | British colony / protectorate early 1900s-1978  |
| Germany        | 1871       | Small kingdoms  |
| Uganda         | 1962       | British colony / protectorate 1890/94-1962  |
| Ukraine        | 1991       | Russia/Soviet 1700s -1991   |
| Hungary        | 1918       | Shared on Austria and the Ottoman Empire -1699, part of Austria 1699-1918                               |
| Uruguay        | 1828       | Spanish colony 1600s-1814, Brazil 1821-1828   |
| USA            | 1776       | British colony / protectorate -1776   |
| Uzbekistan     | 1991       | Russia/Soviet 1800s-1991  |
| Vanuatu        | 1980       | French and British colony 1800s-1980  |
| Venezuela      | 1830       | Spanish colony 1500-1819, Grand Colombia 1819-1930  |
| Vietnam        | 1954       | French colony 1885-1954   |
| Belarus        | 1991       | Russia/Soviet 1700s-1991  |
| Western Sahara | 1979       | Spanish colony 1884-1975, Morocco + Mauritania from 1975 to 1979, large parts still occupied by Morocco |
| Zambia         | 1964       | British colony / protectorate 1924-1953, the Central African Federation, 1953-1964                      |
| Zimbabwe       | 1980       | British colony / protectorate 1888-1980   |
| Austria        | 996        | See below   |

A very confusing part of the European States history is the relationship between all the central European small states, the Holy Roman Empire, Austria, Austria-Hungary and the Habsburg Monarchy (Habsburg Empire). Holy Roman Empire existed from the late 900's and it contained when it was at its peak: Germany, Austria, Slovenia, Switzerland, Belgium, Netherlands, Luxembourg, Czech Republic, parts of eastern France, northern Italy, Croatia, and western and northern Poland. But it was not really a nation. Instead it was a loose federation between a number of principalities, with some common laws and a single emperor. The various princes met and made joint decisions in a parliament which was usually held in the current Bavaria. The Emperor was since the 1400s, always from the Austrian House of Habsburg.

The empire was formally dissolved in 1806, and part of the principalities organized themselves instead in the Confederation of the Rhine. And the Holy Roman Emperor chose to call himself emperor of Austria. But neither Austria was a country. Instead Austria consisted of a federation between various duchies, counties and kingdoms. In addition, they formed a union with Hungary in the years 1867-1918. But despite all this, the country of Austria is considered to be founded in 996.

# Demographic trends

The year 0, there were perhaps 300 million people worldwide, of which about  $100^2$  millions lived in one of the two most organized states: The Roman Empire and China (Han Empire). Other relatively densely populated areas where current Iran and Iraq (say 15 million) and India (perhaps 40 million). As seen in chart 1, and to some extent chart 2, not so much happened with the world's population until the 1800s, and especially during the second half of the 1900s. In the "old" countries, especially those located in Europe, however, the latter increase was quite small. Because of the 56 fully independent states that existed in 1926 and still remain, 22 had an increase of less than 1.5 times between 1950 and 2000 (green in table 2, yellow = 1.5 to 3, Red => 3 times increase) and 21 of these are in Europe. But of all the approximately 188 fully independent sovereign states that existed in 2000, there are only 34 whose population has not grown more than 1.5 times over the same period (table 3).

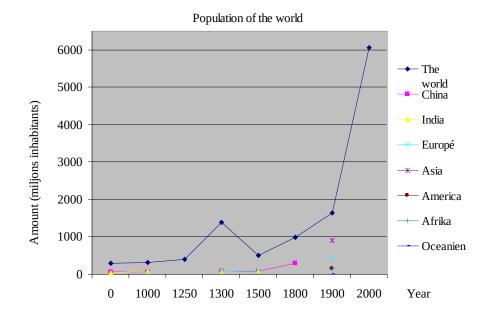
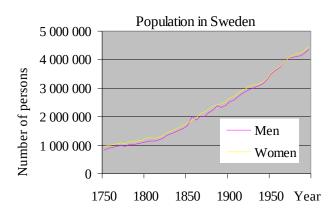


Chart 1. Estimate of the world's population 0-2000.

The figures are, of course, very unreliable. But the probably most interesting things are how small the increase was between 0 and 1000, the drop in the 1300s<sup>3</sup>, and the explosion during the 1900s.

Chart 2. The population in Sweden 1750-2000<sup>4</sup>.

The number of inhabitants increases with over 1,6 million persons between 1850-1900, despite that many of us emigrated to the US. It is due to that far more people survived until reproductive age, because the improved health care and more food (see History of technology). While they still had about the same amount of kids as before.



- When the Roman Empire was at its peak, about the year 100, it included, in addition to what was marked in figure 1, even England. Then lived there about 50 million people. In China, they made a Census year 2, which showed that there lived more than 57 million people.
- <sup>3.</sup> In the 1200s there was a serious problem in India, in the Himalayas. It was later called the Black Death and spread around the world. In the middle of the 1300s it raged in Asia, Europe and North Africa. Within two years from the first case in Europe 1/3 of the entire population of Europe had died. The symptoms were black bloody swelling, severe pain and ultimately death. It was due to parasites in the stomach of rats and humans. But because it was thought that it was spread by cats and dogs they killed these, which further contributed to the spread of the disease.
- <sup>4.</sup> The information comes from the parish registers which births and deaths recorded by the priest. This data was compiled by the church and sent to the authorities. Although Sweden has the oldest still existing statistics in this area, there is no reliable data from earlier than the 1750<sup>th</sup>.

Table 2. Size and population of the countries that was completely souvereign<sup>5</sup> States around 1926, according to Tidens Calendar 1927 and population data for 1950 and 2000 from the UN website <a href="www.globalis.se">www.globalis.se</a>.

| The former country names    | Size (km²) | Inhabitants<br>(millions) | Inhabitants/size<br>(pers./km²) | Inhabitants<br>1950<br>(millions) | Inhabitants<br>2000<br>(millions) | Inhabitants<br>2000/1950 |
|-----------------------------|------------|---------------------------|---------------------------------|-----------------------------------|-----------------------------------|--------------------------|
| Abyssinia (Ethiopia)        | 900 000    | 9,5                       | 10,56                           | 18,43                             | 69,39                             | 3,76                     |
| Afghanistan                 | 650 000    | 11                        | 16,92                           | 8,15                              | 20,74                             | 2,54                     |
| Albania                     | 30 000     | 0,85                      | 28,33                           | 1,22                              | 3,08                              | 2,53                     |
| Andorra                     | 450        | 0,005                     | 11,11                           | 0,01                              | 0,07                              | 11,00                    |
| Arabia (Saudi Arabia et al) | No data    | No data                   | No data                         | -                                 | -                                 | -                        |
| Argentina                   | 2 790 000  | 10                        | 3,58                            | 17,15                             | 36,90                             | 2,15                     |
| Belgium                     | 30 440     | 7,8                       | 256,24                          | 8,63                              | 10,19                             | 1,18                     |
| Bolivia                     | 1 590 000  | 3                         | 1,89                            | 2,71                              | 8,32                              | 3,06                     |
| Brazil                      | 8 511 000  | 30,6                      | 3,60                            | 53,98                             | 174,16                            | 3,23                     |
| Bulgaria                    | 103 100    | 5,1                       | 49,47                           | 7,25                              | 8,00                              | 1,10                     |
| Chile                       | 751 500    | 3,9                       | 5,19                            | 6,08                              | 15,41                             | 2,53                     |
| Colombia                    | 1 283 000  | 6,6                       | 5,14                            | 12,57                             | 41,68                             | 3,32                     |
| Costa Rica                  | 50 000     | 0,5                       | 10,00                           | 0,97                              | 3,93                              | 4,07                     |
| Denmark                     | 44 300     | 3,5                       | 79,01                           | 4,27                              | 5,34                              | 1,25                     |
| Dominican rep.              | 50 000     | 0,9                       | 18,00                           | 2,43                              | 8,74                              | 3,60                     |
| Ecuador                     | 307 000    | 2                         | 6,51                            | 3,39                              | 12,31                             | 3,63                     |
| Egypt                       | 935 300    | 14                        | 14,97                           | 21,83                             | 66,53                             | 3,05                     |
| Estonia                     | 47 550     | 1,2                       | 25,24                           | 1,10                              | 1,37                              | 1,24                     |
| Finland                     | 388 500    | 3,5                       | 9,01                            | 4,01                              | 5,18                              | 1,29                     |
| France                      | 551 000    | 40,4                      | 73,32                           | 41,83                             | 59,19                             | 1,41                     |
| Greece                      | 127 000    | 6,2                       | 48,82                           | 7,57                              | 10,98                             | 1,45                     |
| Guatemala                   | 113 000    | 2                         | 17,70                           | 3,15                              | 11,23                             | 3,57                     |
| Honduras                    | 100 250    | 0,773                     | 7,71                            | 1,49                              | 6,20                              | 4,17                     |
| Italy                       | 309 700    | 40                        | 129,16                          | 47,10                             | 57,69                             | 1,22                     |
| Japan                       | 677 400    | 85                        | 125,48                          | 83,63                             | 127,03                            | 1,52                     |
| Yugoslavia                  | 249 000    | 12,5                      | 50,20                           | 05,05                             | 127,03                            | 1,32                     |
| China                       | 11 100 000 | 12,5<br>440               | 39,64                           | 554,76                            | 1269,96                           | 2,29                     |
| Cuba                        |            |                           |                                 |                                   |                                   |                          |
|                             | 114 500    | 3,4                       | 29,69                           | 5,92                              | 11,14                             | 1,88                     |
| Latvia                      | 65 800     | 1,9                       | 28,88                           | 1,95                              | 2,38                              | 1,22                     |
| Liberia                     | 95 400     | 1,75                      | 18,34                           | 0,82                              | 3,07                              | 3,73                     |
| Liechtenstein               | 139        | 0,012                     | 86,33                           | 0,01                              | 0,03                              | 2,36                     |
| Lithuania                   | 56 100     | 2,2                       | 39,22                           | 2,57                              | 3,50                              | 1,36                     |
| Luxembourg                  | 2 600      | 0,275                     | 105,77                          | 0,30                              | 0,44                              | 1,48                     |
| Mexico                      | 1 969 000  | 14,2                      | 7,21                            | 27,74                             | 99,74                             | 3,60                     |
| The Netherlands             | 40 800     | 7,4                       | 181,37                          | 10,11                             | 15,92                             | 1,57                     |
| Nepal                       | 140 000    | 5,6                       | 40,00                           | 8,64                              | 24,42                             | 2,83                     |
| Nicaragua                   | 127 000    | 0,64                      | 5,04                            | 1,30                              | 5,11                              | 3,94                     |
| Norway                      | 323 800    | 2,8                       | 8,65                            | 3,27                              | 4,49                              | 1,37                     |
| Paraguay                    | 253 100    | 0,8                       | 3,16                            | 1,47                              | 5,35                              | 3,63                     |
| Peru                        | 1 355 000  | 5,5                       | 4,06                            | 7,63                              | 25,66                             | 3,36                     |
| Persia (Iran)               | 1 650 000  | 5,6                       | 3,39                            | 16,91                             | 66,13                             | 3,91                     |
| Poland                      | 388 300    | 29                        | 74,68                           | 24,82                             | 38,43                             | 1,55                     |
| Portugal                    | 92 000     | 5,6                       | 60,87                           | 8,41                              | 10,23                             | 1,22                     |
| Rumania                     | 294 200    | 17,5                      | 59,48                           | 16,31                             | 22,14                             | 1,36                     |
| Russia                      | 21 200 000 | 140                       | 6,60                            | 102,70                            | 147,42                            | 1,44                     |
| Salvador                    | 34 000     | 1,6                       | 47,06                           | 1,95                              | 6,20                              | 3,18                     |
| Switzerland                 | 41 300     | 4                         | 96,85                           | 4,69                              | 7,26                              | 1,55                     |
| Siam (Thailand)             | 500 000    | 9,7                       | 19,40                           | 20,61                             | 60,67                             | 2,94                     |
| Spain                       | 505 000    | 21,9                      | 43,37                           | 28,01                             | 40,23                             | 1,44                     |
| UK                          | 244 800    | 45,2                      | 184,64                          | 50,62                             | 58,87                             | 1,16                     |
| Sweden                      | 448 460    | 6,1                       | 13,60                           | 7,01                              | 8,87                              | 1,26                     |
| Czechoslovakia              | 140 400    | 14,2                      | 101,14                          | •                                 | -                                 | -                        |
| Turkey                      | 887 200    | 12                        | 13,53                           | 21,48                             | 68,16                             | 3,17                     |
| Germany                     | 470 700    | 62,5                      | 132,78                          | 68,38                             | 82,31                             | 1,20                     |

| Hungary   | 92 900    | 8,4 | 90,42 | 9,34   | 10,21  | 1,09 |
|-----------|-----------|-----|-------|--------|--------|------|
| Uruguay   | 186 000   | 1,6 | 8,60  | 2,24   | 3,32   | 1,48 |
| USA       | 8 000     | 114 | 14,25 | 157,81 | 284,86 | 1,81 |
| Venezuela | 1 020 400 | 3   | 2,94  | 5,09   | 24,40  | 4,79 |
| Austria   | 83 800    | 6,6 | 78,76 | 6,94   | 8,11   | 1,17 |

Table 3. The population of the world completely independent<sup>5</sup> States in 2000, and their population in 1950, democratic development, and some economic factors, according to the UN website www.globalis.se.

| Country                | Inhabitants | Inhabitants | Political               | GDP per    | rding to the UN w<br>Export <sup>7</sup> of goods | Military                 |
|------------------------|-------------|-------------|-------------------------|------------|---|--------------------------|
| 3                      | 1950        | 2000        | rights <sup>6</sup> (1= | Inhabitant | and services (%                                   | expenses <sup>8</sup> (% |
|                        | (millions)  | (millions)  | "complete")             | 2000       | of GDP)   | of GDP)                  |
| Afghanistan            | 8.15        | 20.74       | 7                       |            |   |                          |
| Albania                | 1.22        | 3.08        | 4                       | 3 719      | 19  | 1.3                      |
| Algeria                | 8.75        | 30.51       | 6                       | 5 327      | 41  | 3.8                      |
| Andorra                | 0.01        | 0.07        | 1                       |            |   |                          |
| Angola                 | 4.15        | 13.93       | 6                       | 1 462      | 90  | 4.5                      |
| Antigua and<br>Barbuda | 0.05        | 0.08        | 4                       | 10 196     | 70  |                          |
| Argentina              | 17.15       | 36.90       | 1                       | 12 095     | 11  | 1.2                      |
| Armenia                | 1.35        | 3.08        | 4                       | 2 421      | 23  | 3.1                      |
| Australia              | 8.22        | 19.14       | 1                       | 27 390     | 20  | 1.9                      |
| Azerbaijan             | 2.90        | 8.14        | 6                       | 2 475      | 39  | 2.3                      |
| Bahamas                | 0.08        | 0.30        | 1                       | 17 055     | 43  |                          |
| Bahrain                | 0.12        | 0.65        | 7                       | 15 545     | 89  | 4.2                      |
| Bangladesh             | 43.85       | 139.43      | 3                       | 1 543      | 14  | 1.3                      |
| Barbados               | 0.21        | 0.29        | 1                       |            | 50  |                          |
| Belgium                | 8.63        | 10.19       | 1                       | 27 659     | 85  | 1.3                      |
| Belize                 | 0.07        | 0.25        | 1                       | 5 682      | 53  | 0.9                      |
| Benin                  | 2.01        | 7.23        | 2                       | 975        | 15  | 0.6                      |
| Bhutan                 | 0.17        | 0.56        | 7                       | 3 685      | 30  |                          |
| Bolivia                | 2.71        | 8.32        | 1                       | 2 387      | 18  | 2.3                      |
| Bosnia and             | 2.66        | 3.79        | 5                       |            | 30  |                          |
| Herzegovina            |             |             | _                       |            |   |                          |
| Botswana               | 0.42        | 1.73        | 2                       | 8 353      | 53  | 3.5                      |
| Brazil                 | 53.98       | 174.16      | 3                       | 7 154      | 10  | 2                        |
| Brunei                 | 0.05        | 0.33        | 7                       |            | 67  | 3.9                      |
| Bulgaria               | 7.25        | 8.00        | 2                       | 6 067      | 56  | 2.9                      |
| Burkina Faso           | 3.98        | 11.88       | 4                       | 986        | 9   | 1.1                      |
| Burma                  | 17.16       | 45.88       | 7                       |            | 0   | 1.8                      |
| Burundi                | 2.46        | 6.67        | 6                       | 650        | 8   | 8                        |
| Central African        | 1.31        | 3.86        | 3                       | 1 209      | 20  |                          |
| republic               | C 00        | 15 41       | 2                       | 0.422      | 22  | 2.5                      |
| Chile                  | 6.08        | 15.41       | 2                       | 9 132      | 32  | 3.7                      |
| Colombia               | 12.57       | 41.68       | 4                       | 5 974      | 17  | 3.1                      |
| Costa Rica             | 0.97        | 3.93        | 1                       | 8 170      | 49  | 2.4                      |
| Cyprus                 | 0.49        | 0.79        |                         | 19 175     | 55  | 3.4                      |
| Denmark                | 4.27        | 5.34        | 1                       | 28 956     | 47  | 1.6                      |
| Dem Rep of<br>Congo    | 12.18       | 50.69       | 7                       | 602        | 22  |                          |
| •                      | 0.00        | 0.70        | ,                       | 4.055      | 25  | 4.0                      |
| Djibouti               | 0.06        | 0.73        | 4                       | 1 857      | 35  | 4.6                      |
| Dominica               | 0.05        | 0.07        | 1                       | 5 677      | 53  | 0.0                      |
| Dominican rep.         | 2.43        | 8.74        | 2                       | 6 395      | 37<br>2 <b>7</b>                                  | 0.9                      |
| Ecuador                | 3.39        | 12.31       | 3                       | 3 230      | 37  | 1.8                      |
| Egypt                  | 21.83       | 66.53       | 6                       | 3 527      | 16  | 3.3                      |
| Equatorial<br>Guinea   | 0.23        | 0.43        | 7                       | 5 707      | 99  |                          |
| El Salvador            | 1.95        | 6.20        | 2                       | 4 597      | 27  | 8.0                      |
| Ivory Coast            | 2.51        | 17.05       | 6                       | 1 589      | 40  |                          |
|                        |             |             | <u> </u>                | 1 505      |   |                          |

|                         |              | 0.00          | _      | 4.000         | 4-        | 242        |
|-------------------------|--------------|---------------|--------|---------------|-----------|------------|
| Eritrea                 | 1.14         | 3.68          | 7      | 1 022         | 15        | 24.2       |
| Estonia                 | 1.10         | 1.37          | 1      | 9 392         | 85        | 1.5        |
| Ethiopia                | 18.43        | 69.39         | 5      | 815           | 12        | 4.3        |
| Fiji                    | 0.29         | 0.80          | 6      | 4 994         | 65        | 2          |
| Philippines             | 20.00        | 76.21         | 2      | 4 032         | 55        | 1          |
| Finland                 | 4.01         | 5.18          | 1      | 26 164        | 44        | 1.2        |
| France                  | 41.83        | 59.19         | 1      | 27 244        | 29        | 2.5        |
| FRY                     |              |               |        |               |           |            |
| UAE                     | 0.07         | 3.25          | 6      | 21 478        | 73        | 9.5        |
| Gabon                   | 0.47         | 1.18          | 5      | 5 848         | 69        | 1.9        |
| Gambia                  | 0.29         | 1.38          | 7      | 1 631         | 48        | 0.6        |
| Georgia                 | 3.53         | 4.72          | 4      | 1 998         | 23        | 0.7        |
| Ghana                   | 5.24         | 20.15         | 2      | 1 920         | 49        | 0.6        |
| Greece                  | 7.57         | 10.98         | 1      | 17 057        | 25        | 4.1        |
| Grenada                 | 0.08         | 0.10          | 1      | 7 317         | 55        |            |
| Guatemala               | 3.15         | 11.23         | 3      | 4 048         | 20        | 1.1        |
| Guinea                  | 2.62         | 8.20          | 6      | 1 972         | 24        | 3          |
| Guinea-Bissau           | 0.51         | 1.37          | 4      | 863           | 32        | 3.1        |
| Guyana Guyana           | 0.42         | 0.73          | 2      | 3 922         | 96        | 5.1        |
| Haiti                   | 3.22         | 8.57          | 6      | 1 619         | 13        |            |
|                         | 1.49         | 6.20          | 3      | 2 872         |           | 0.5        |
| Honduras                |              |               |        |               | 54        | 0.5        |
| India                   | 371.86       | 1 046.24      | 2      | 2 364         | 13        | 3          |
| Indonesia               | 79.54        | 211.69        | 3      | 2 905         | 41        | 1          |
| Iraq                    | 5.34         | 25.05         | 7      |               |           |            |
| Iran                    | 16.91        | 66.13         | 6      | 5 806         | 23        | 4          |
| Ireland                 | 2.97         | 3.80          | 1      | 29 155        | 98        | 0.7        |
| Iceland                 | 0.14         | 0.28          | 1      | 28 840        | 34        |            |
| Israel                  | 1.26         | 6.08          | 1      | 23 015        | 37        | 8.1        |
| Italy                   | 47.10        | 57.69         | 1      | 25 905        | 27        | 2          |
| Jamaica                 | 1.40         | 2.59          | 2      | 3 597         |           | 0.5        |
| Japan                   | 83.63        | 127.03        | 1      | 25 646        | 11        | 1          |
| Yemen                   | 4.32         | 18.18         | 5      | 822           | 42        | 5.7        |
| Jordan                  | 0.47         | 4.80          | 4      | 4 162         | 42        | 5.9        |
| Cambodia                | 4.35         | 12.78         | 6      | 1 730         | 50        | 1.8        |
| Cameroon                | 4.47         | 15.86         | 7      | 1 878         | 23        | 1.4        |
| Canada                  | 13.74        | 30.69         | 1      | 27 503        | 46        | 1.2        |
| Cape Verde              | 0.15         | 0.45          | 1      | 4 555         | 28        | 8.0        |
| Kazakhstan              | 6.70         | 14.95         | 6      | 4 345         | 57        | 1          |
| Kenya                   | 6.08         | 31.25         | 6      | 1 033         | 22        | 1.5        |
| China                   | 554.76       | 1 269.96      | 7      | 3 940         | 23        | 2          |
| Kyrgyzstan              | 1.74         | 4.95          | 6      | 1 497         | 42        | 2.3        |
| Kiribati                | 0.03         | 0.08          | 1      | 4 545         | 7         |            |
| Comoros                 | 0.17         | 0.70          | 6      | 1 718         | 17        |            |
| Congo                   | 0.81         | 3.20          | 6      | 1 054         | 80        | 1.4        |
| Croatia                 | 3.85         | 4.51          | 2      | 9 116         | 42        | 2.7        |
| Cuba                    | 5.92         | 11.14         | 7      |               |           |            |
| Kuwait                  | 0.15         | 2.23          | 4      | 19 599        | 56        | 7.7        |
| Laos                    | 1.52         | 5.22          | 7      | 1 523         | 30        | 0.7        |
| Lesotho                 | 0.73         | 1.89          | 4      | 2 625         | 33        | 3.4        |
| Latvia                  | 1.95         | 2.38          | 1      | 7 975         | 42        | 1          |
| Lebanon                 | 1.44         | 3.77          | 6<br>  | 4 301         | 14        | 5.4        |
| Liberia                 | 0.82         | 3.07          | 5<br>7 |               | 21        | 2.0        |
| Libya                   | 1.03         | 5.35          | 7      |               | 36        | 2.9        |
| Lichtenstein            | 0.01         | 0.03          | 1      | 0.710         | 4 🗆       | 1.0        |
| Lithuania               | 2.57         | 3.50          | 1      | 8 719         | 45<br>150 | 1.8        |
| Luxembourg              | 0.30         | 0.44          | 1<br>2 | 50 564<br>844 | 150       | 0.8        |
| Madagascar<br>Macedonia | 4.23<br>1.23 | 16.19<br>2.01 | 4      | 844<br>6 055  | 31<br>49  | 1.4<br>6.6 |
| Malawi                  | 2.88         | 11.62         | 3      | 583           | 49<br>26  | 0.7        |
| ıvıaıa W I              |              | - 11.02       | J      | JUJ           | 20        | 0.7        |

|                   |        |        | _ |        |     |      |
|-------------------|--------|--------|---|--------|-----|------|
| Malaysia          | 6.11   | 23.27  | 5 | 8 573  | 120 | 2.1  |
| Maldives          | 0.08   | 0.27   | 6 |        | 89  |      |
| Mali              | 3.33   | 10.00  | 2 | 785    | 27  | 2.3  |
| Malta             | 0.31   | 0.39   | 1 | 17 635 | 92  | 0.7  |
| Morocco           | 8.95   | 28.83  | 5 | 3 537  | 28  | 3.9  |
| Mauritania        | 0.69   | 2.57   | 6 | 1 894  | 46  | 4.6  |
| Mauritius         | 0.49   | 1.19   | 1 | 9 677  | 61  | 0.2  |
|                   |        |        |   |        |     |      |
| Mexico            | 27.74  | 99.74  | 2 | 9 262  | 31  | 0.6  |
| Mozambique        | 6.44   | 18.19  | 3 | 799    | 18  | 1.2  |
| Moldova           | 2.34   | 4.15   | 2 | 1 358  | 50  | 0.4  |
| Mongolia          | 0.76   | 2.47   | 2 | 1 523  | 56  | 2    |
| Namibia           | 0.49   | 1.88   | 2 | 5 838  | 41  | 2.7  |
| Nauru             | 0.00   | 0.01   | 1 |        |     |      |
| The Netherlands   | 10.11  | 15.92  | 1 | 29 993 | 70  | 1.5  |
| Nepal             | 8.64   | 24.42  | 3 | 1 325  | 23  | 1.2  |
| Nicaragua         | 1.30   | 5.11   | 3 | 3 131  | 24  | 0.7  |
| Niger             | 2.21   | 11.12  | 4 | 678    | 18  | 1.3  |
| Nigeria           | 33.96  | 124.77 | 4 | 846    | 54  | 1.2  |
| North Korea       | 9.74   | 22.95  | 7 | 040    | 34  | 1.2  |
|                   |        |        | · | 24.400 | 457 | 1.7  |
| Norway            | 3.27   | 4.49   | 1 | 34 188 | 47  | 1.7  |
| New Zealand       | 1.91   | 3.85   | 1 | 20 412 | 36  | 1.1  |
| Oman              | 0.46   | 2.40   | 6 | 12 608 | 59  | 12.2 |
| Pakistan          | 36.94  | 144.36 | 6 | 1 881  | 13  | 4    |
| Palau             | 0.01   | 0.02   | 1 |        | 10  |      |
| Panama            | 0.86   | 2.95   | 1 | 6 048  | 73  |      |
| Papua New         | 1.80   | 5.38   | 2 | 2 343  | 66  | 0.8  |
| Guinea            | 1.00   | 5.50   | _ | 2 343  | 00  | 0.0  |
| Paraguay          | 1.47   | 5.35   | 4 | 4 165  | 38  | 1    |
| Peru              | 7.63   | 25.66  | 3 | 4 724  | 16  | 1.7  |
| Poland            | 24.82  | 38.43  | 1 | 10 772 | 27  | 1.9  |
|                   |        |        |   | -      |     |      |
| Portugal          | 8.41   | 10.23  | 1 | 18 782 | 30  | 1.9  |
| Qatar             | 0.03   | 0.62   | 6 |        | 67  |      |
| Romania           | 16.31  | 22.14  | 2 | 5 894  | 33  | 2.5  |
| Rwanda            | 2.16   | 8.18   | 7 | 931    | 9   | 3.4  |
| Russia            | 102.70 | 147.42 | 5 | 7 009  | 44  | 4.1  |
| St. Kitts and     | 0.05   | 0.05   | 1 | 11 132 | 46  |      |
| Nevis             |        |        |   |        |     |      |
| St Lucia          | 0.08   | 0.15   | 1 | 5 897  | 53  |      |
| St. Vincent & the | 0.07   | 0.12   | 2 | 5 237  | 53  |      |
| Grenadines        |        |        |   |        |     |      |
| Solomon Islands   | 0.09   | 0.42   | 4 | 1 908  | 24  |      |
| Samoa             | 0.08   | 0.18   | 2 | 4 630  | 34  |      |
| Sao Tome and      | 3.20   | 20.81  | 7 | 13 593 | 44  | 11.5 |
| Principe          |        |        |   |        |     |      |
| Saudi Arabia      | 4.69   | 7.26   | 1 | 31 446 | 46  | 1    |
| Switzerland       | 2.54   | 10.33  | 3 | 1 428  | 28  | 1.4  |
| Senegal           | 0.04   | 0.08   | 3 | 16 681 | 78  | 1.8  |
| Seychelles        | 1.94   | 4.52   | 4 | 463    | 18  | 3.7  |
| Sierra Leone      | 1.02   | 4.02   | 5 | 23 594 |     | 5    |
| Singapore         | 3.46   | 5.39   | 1 | 11 365 | 71  | 1.9  |
| Slovakia          | 1.47   | 1.98   | 1 | 16 836 | 54  | 1.3  |
| Slovenia          | 2.26   | 7.06   | 6 | 10 050 | 34  | 1.5  |
|                   |        |        |   | 22.002 | 20  | 1.2  |
| Somalia           | 28.01  | 40.23  | 1 | 22 003 | 29  | 1.2  |
| Spain             | 7.34   | 18.71  | 3 | 3 443  | 39  | 4.3  |
| Sri Lanka         | 50.62  | 58.87  | 1 | 26 476 | 28  | 2.4  |
| UK                | 9.19   | 33.35  | 7 | 1 506  | 15  | 2.9  |
| Sudan             | 0.22   | 0.44   | 1 | 5 530  | 20  |      |
| Suriname          | 7.01   | 8.87   | 1 | 26 583 | 47  | 1.8  |
| Sweden            | 0.27   | 1.06   | 6 | 4 168  | 76  | 1.5  |
| Swaziland         | 13.68  | 45.40  | 1 | 8 764  | 28  | 1.7  |
| South Africa      | 18.86  | 46.78  | 2 | 16 149 | 39  | 2.6  |
|                   | 0.00   |        | _ | U = .0 |     |      |

| South Korea    | 3.54   | 16.51  | 7 | 3 162         | 35 | 5.3         |
|----------------|--------|--------|---|---------------|----|-------------|
| Syria          | 0.06   | 0.14   | 1 | 5 10 <b>2</b> | 55 | <b>5.</b> 5 |
| Tajikistan     | 1.53   | 6.17   | 6 | 808           | 99 | 1.2         |
| Taiwan         | _,     |        | 1 |               |    |             |
| Tanzania       | 7.65   | 33.85  | 4 | 521           | 17 | 1.5         |
| Chad           | 2.43   | 8.47   | 6 | 798           | 17 | 1.8         |
| Thailand       | 20.61  | 60.67  | 2 | 6 321         | 67 | 1.5         |
| Czech Republic | 8.93   | 10.22  | 1 | 15 450        | 63 | 1.9         |
| Togo           | 1.33   | 5.40   | 5 | 1 358         | 31 |             |
| Tonga          | 0.05   | 0.10   | 5 | 6 568         | 15 |             |
| Trinidad &     | 0.64   | 1.30   | 2 | 9 092         | 59 |             |
| Tobago         |        |        |   |               |    |             |
| Tunisia        | 3.53   | 9.56   | 6 | 6 279         | 45 | 1.7         |
| Turkey         | 21.48  | 68.16  | 4 | 6 471         | 20 | 3.7         |
| Turkmenistan   | 1.21   | 4.50   | 7 | 3 416         | 96 |             |
| Tuvalu         | 0.01   | 0.01   | 1 |               |    |             |
| Germany        | 68.38  | 82.31  | 1 | 25 789        | 33 | 1.5         |
| Uganda         | 5.16   | 24.69  | 6 | 1 167         | 11 | 2.3         |
| Ukraine        | 37.30  | 48.85  | 4 | 4 037         | 62 | 2.9         |
| Hungary        | 9.34   | 10.21  | 1 | 12 977        | 72 | 1.8         |
| Uruguay        | 2.24   | 3.32   | 1 | 8 871         | 17 | 1.6         |
| USA            | 157.81 | 284.86 | 1 | 34 599        | 11 | 3.1         |
| Uzbekistan     | 6.31   | 24.72  | 7 | 1 498         | 25 | 8.0         |
| Vanuatu        | 0.05   | 0.19   | 1 | 3 127         | 44 |             |
| Venezuela      | 5.09   | 24.40  | 3 | 5 759         | 30 | 1.6         |
| Vietnam        | 27.37  | 79.09  | 7 | 2 040         | 55 |             |
| Belarus        | 7.75   | 10.05  | 6 | 4 803         | 69 | 1.4         |
| Western Sahara | 0.01   | 0.32   |   |               |    |             |
| Zambia         | 2.41   | 10.45  | 5 | 786           | 27 |             |
| Zimbabwe       | 2.75   | 12.66  | 6 | 2 499         | 36 | 4.2         |
| Austria        | 6.94   | 8.11   | 1 | 28 481        | 46 | 0.9         |

<sup>&</sup>lt;sup>5.</sup> There were booth 1926 and 2000, additional states such as San Marino and the Vatican City, but they are not real nations, instead they are fully dependent on another state that in these two cases is Italy.

<sup>&</sup>lt;sup>6.</sup> UN assessment of how many freedoms that residents have in relation to the Declaration of Human Rights. The scale ranges from 1 (= full political freedom) to 7 (= less political freedom).

<sup>&</sup>lt;sup>7.</sup> The total value of all goods and services which the country sold to the rest of the world, as a proportion of the country's Gross Domestic Product (GDP, i.e., the total value of all goods and services produced in the country excluding those used in the production of goods or services). In the table, GDP per inhabitant, expressed in purchasing power parity, which is a measure that neutralize differences in price levels between countries.

<sup>8.</sup> The country's total defence expenditure as a fraction of GDP.

# The long road to today's political system

In the old Roman Empire there were, after 500 BC a congress, to which all adult and free men had the opportunity to elect representatives. The Roman Empire was shattered, however, around the year 400, when the Huns attacked Europe and a wave of displaced Ostrogoths and others, flooded into the current Italy. It was stopped by the Romans, but at the expense of that they were forced to regroup large armies that would otherwise protect border to the north. Then German tribes (Vandals, Suevi, and Alaner) used the opportunity to attack those borders. Visigoths, who previously lived in agreement with the Romans in their territory, followed the example and added a major defeat to the Romans in the Balkan Peninsula.

Then followed a period in Western Europe known as the Migration period. It is characterized, among other things, by that the technical and economic level fell and borders as well as nationality played a smaller role than in the former Roman Empire and later kingdoms. Many tribes, Vandals and Ostrogoths, were swept away from the face of the earth. Others, like the Visigoths and Burgunds, became romanized. Still others could keep their kingdoms and their individuality, such as the Franks and Anglo-Saxons. During the Migration Period money was much rarer than before. Which in the subsequent more orderly period (feudal period) led to those financial transactions to a greater was made through trading commodities. This combined with that the Roman Empire transport system was destroyed meant that the central government (the king) had difficulties to collect taxes from remote parts of the country. The kings then let individuals control, bring in and consume tax in parts of the country. In return, they would, when the king so requested, set up knights to defend the kingdom. Their autonomy was a threat to the state assembly and the king's power. Certainly they had sworn their king eternal faith and had promised to always assist him in war. But if the king chose to take action against one of them, he was dependent on the others' assistance. The distributed areas, originally given for a limited time, soon became hereditary and that further decreased the king's power. And Western Europe constituted in practice of independent smaller areas, duchies, counties, etc.

As a reaction against that, the kings in several European countries between the 1500s and 1700s acted in order to achieve:

- Nation states. To strengthen the royal power, they tried to get away from the situation where ordinary citizens felt more loyal to local big shots than the leader in the capital. One means to achieve this was to change local laws and regulations in business to ditto that were common for the whole country. In Sweden, for example, we introduced common rules for guilds in 1621-22 and common units of measure, as the then important length "aln" (originally the length from the elbow to the tip of the little finger). The aln used to vary slightly in length between different parts of the country. In 1605 we built one national aln (i.e. standard aln that would apply in all of Sweden). Later in the 1600s it was decided that a "mil" would be equal everywhere in Sweden and that would be based on standard aln: 1 mil = 6 000 "famnar" = 18 000 alnar = 36 000 feet (which with today's standards is 10 688 meters).
- National security systems. Import tariffs were raised to "protect" domestic production of for instance beer or clothing. But this protection was, of course, also a way to improve the state's finances. Other means were used to encourage domestic production, with the aim to make the country self-sufficient concerning raw materials and food.
- Focus on exports. Each country should export as much as possible and import as little as possible. And each country's wealth was measured in their amount of gold and silver. It was therefore desirable that export goods were paid in gold and silver coins.

1719 the British moved the power from the king to parliament, where the nobles dominated.

The next step in the evolution to today's political system was probably the state Virginia's declaration of rights, which was issued in conjunction with the North American Revolutionary War, the 1776<sup>th</sup>. This declaration included the right of citizens to change government, when it no longer benefited them.

1789 the French Revolution started. But the monarchy returned first with Napoleon and then King Louis-Philippe. Even though the middle class got greater control of the political power, the discontent among the people grew until was revolutionized again 1848. The revolutionary example developed to aggressions around Europe. The 1848 revolutionary movements in Berlin, Vienna, Rome, Geneva, Warsaw and Budapest were particularly important. The lasting results, however, was limited. In Sweden, for example, it was, in the 1800s, only a very small part of the population who had the right to vote. The farmers had indeed vote. But even though they represented a majority of the population they didn't have more to say about than the nobles or priests who represented less than 1% of the same.

In 1866, however, we made a reform which resulted in that we got a two chamber parliament where the right to vote was based on income instead of birth and occupation. The composition of the first chamber was determined by those who were elected in the municipal elections. In the municipal elections, in turn, only those (both men and women and companies) which had a taxable annual income of at least 400 daler and had tax liabilities were allowed to vote. The number of votes per person increased with increasing income. To the second chamber only men who had a taxable annual income of at least 800 crowns or possession of real property with a value of at least 6 000 daler were allowed to vote. Overall, this resulted in that 10% of the population had the right to vote to the first chamber and 5% to the other.

But when industrialization began in the 1890s, the value of money fell and wages rose, more and more of the new social group industrial workers came up to an annual income of more than 800 SEK (1873 the name of our currency was changed from dalers to crowns). Which meant that they were allowed to vote for the second chamber. One effect of this was that in the 1897 election, a social democrat (Hjalmar Branting) was for the first time elected into Parliament.

1890 all men of Spain were allowed to vote. New Zealand became in 1893 the first country were also women were allowed to vote. After World War I a large number of kingdoms were replaced by republics, and a range of contemporary countries became democracies with universal suffrage for both men and women. In Sweden, it happened in 1921, when we, after a suffrage reform went from 1 192 922 voting men and 0 female voters in 1920 to 1 532 183 men and 1 690 734 women the right to vote (in both the local and the national elections).

Though among the few countries that existed in 1926 and still remains there has subsequently been some democratic setbacks with dictatorships in countries such as Italy, Germany, Greece, Portugal, most of South America and the Eastern Bloc. And still 12 of these countries have an inherited monarchy's and not more than half of them are, according to the United Nations, full democracies (29 of 57). And of all the approximately 188 fully independent countries that existed in 2000, only 31% are full democracies, while 67% are not (i e, the estimation of political rights was higher than 1, see table 2, the remaining 2% is due to that some countries are not evaluated).

But the countries in the world have moved closer to each other through international cooperative organizations for:

- Peace through the first League of Nations (started in 1920), followed by the United Nations (UN, founded in 1945).
- For social improvements through the International Labour Office (ILO = International Labour Organization, founded in beginning of the 1920s).
- For health through the World Health Organization (WHO = World Health Organization, formed in 1948).
- For food security through food and agriculture organisation (FAO = Food and Agriculture Organization, established 1945).
- For education, science and culture through (UNESCO = United Nations Educational, Scientific and Cultural Organisation, formed in 1945).
- For refugee issues through (UNHCR = United Nations High Commissioner for Refugees, launched in 1951).

- For economic stability and aid through the International Monetary Fund (IMF = International Monetary Found) and the World Bank. They were created in the agreement in Bretton Woods (USA) during World War II, more about the agreement later.

All these efforts to bring countries closer together appear to have been prosperous, because in the current situation, it is only a few countries that to any great extent, are one of the belligerents in a war (table 4). In the past, however, a big part of the few countries that existed were involved in war at least some time in a generation scale (table 5).

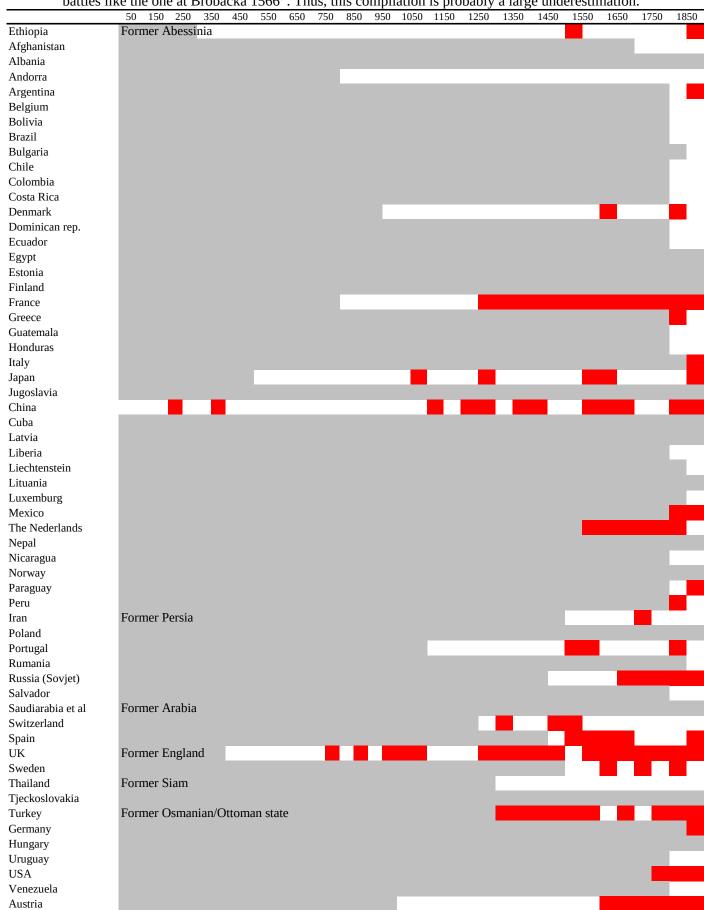
Table 4. The largest current military conflicts according to UN website www.globalis.se.

| Part    | Country                  | What            | Current status              |
|---------|--------------------------|-----------------|-----------------------------|
|         | -                        |                 | concern in areas of the     |
| Africa  | Algeria                  | Civil War       | country                     |
| Africa  | Angola                   | Civil War       | Peace since 2002            |
| Africa  | Burundi                  | Civil War       | Pretty easy now             |
| Africa  | Sudan                    | Civil War       | Ongoing                     |
| Africa  | Central African Republic | Civil War       | Insecure                    |
| Africa  | Republic of Congo        | Civil War       | Ongoing                     |
| Africa  | Ivory Coast              | Civil War       | Unrest                      |
|         |                          |                 | Unresolved, but pretty easy |
| Africa  | Ethiopia/Eritrea         | Border Conflict | now                         |
| Africa  | Liberia                  | Civil War       | Insecure                    |
| Africa  | Nigeria                  | Insecure        | Insecure                    |
| Africa  | Uganda                   | Civil War       | Insecure                    |
| Africa  | Somalia                  | Civil War       | Ongoing                     |
| Africa  | Tcad                     | Civil War       | Ongoing                     |
| Africa  | Morocco/Western Sahara   | Occupation      | Ongoing                     |
| America | Colombia                 | Civil War       | Ongoing                     |
| America | Haiti                    | Insecure        | Ongoing                     |
| Asia    | Afghanistan              | Civil War       | Ongoing                     |
| Asia    | Philippines              | Civil War       | Ongoing                     |
| Asia    | Syria/Israel             | Border conflict | Unresolved, but quiet now   |
| Asia    | Iraq                     | Civil War       | Ongoing                     |
|         |                          |                 | Unresolved, but pretty easy |
| Asia    | Pakistan/India           | Border Conflict | now                         |
| Asia    | Turkey/Iraq/Iran         | Insecure        | Ongoing                     |
| Asia    | Israel/Lebanon           | discord         | Pretty easy now             |
| Asia    | Nepal                    | Civil War       | Ongoing                     |
| Asia    | Palestine/Israel         | Clashes         | Ongoing                     |
| Asia    | Sri Lanka                | Civil War       | Ended                       |
| Europe  | Cyprus                   | Civil War       | Downtime long               |
| Europe  | Georgia                  | Civil War       | Ongoing                     |
| Europe  | Kosovo                   | Insecure        | Ongoing                     |
| Europe  | Russia (Chechnya)        | Civil War       | Ongoing                     |



This generally distributed information brochure from 1961 (If the war comes), shows that the war was very much closer only 50 years ago. Then, and long after that, we annually got updated information regarding what to do when the war comes, through assigned pages in the phone book.

Table 5. Countries that were completely independent 1926<sup>th</sup>. If they participated in any armed conflict after independence every 50 years between 0-1900 is marked with red = war, grey = not independent (or not an organized nation). The table is based on a compilation of all historical battles made by the British author RG Grant (History's battlefields, Bonnier facts, 2010). Although Grant's compilation is comprehensive a lot is, however, missing. Sweden, for example, participated during the 1500's, the second half of the 1600s, and the same in the 1700sin a number of wars that are missing, despite the fact that a part of those involved famous battles like the one at Brobacka 1566<sup>th</sup>. Thus, this compilation is probably a large underestimation.



# State revenues

In the Middle Ages, the State (i.e. the king), mainly had the following types of income:

Goods produced in his farms<sup>9</sup>.

Taxes<sup>10</sup>.

Selling currency<sup>11</sup>.

Duties (see the chapter about customs).

Sale of goods that he received as tax.

Sales of goods produced in his farms.

Sale of state farms.

Taking back land previously given away.

Leasing the right to tax the inhabitants of a certain area<sup>12</sup>.

- 9. During the early Middle Ages the king's main source of income was the land he owned (royal estates). In 1560, for example, 28.5% of Sweden's agricultural land was owned by the King (Eli F. Heckscher, Svensk ekonomisk historia, Bonnier, Stockholm, 1935). The nobles held 21.4% and ordinary peasants owned the remaining 50.1%. For logistical reasons the king distributed his people over the different estates so that they, on the spot, could consume his income.
- Originally, the king's land was about his only income. Taxes were not. However, everybody had the duty to defend the country and provide some services to the king. Such service was the obligation to host the king and his entourage when they were travelling.
  - During the 1200s the country's army transformed from only consisting un-professionals doing their duty to also consist of professional fighters, who were rewarded (see defence) and fortifications (castles) were also required. It cost the king a lot of money and the problem was solved by the former defence duty was converted to the requirement to pay taxes (apart from those who were exempt because they could set up armoured warriors on horseback, I.e. Nobility).
  - The tax was different depending on whether the taxpayer was a farmer or living in a town. Unfairly enough, town taxes were low, for example, the tax for a small town like Östhammar did not exceeded what four peasant homesteads paid. And some cities, such as Stockholm and Kalmar were periodically even exempt. According to the accounts the king received in 1573 in 276 655.5 daler in taxes. 354.5 of these flowed into the form of cash while the rest came in the form of, among other things: butter, 32 412 daler, wooden planks 1 217.625 daler, days worked (i.e. work for the state) 17 715.5 daler, leather goods 1 846 daler, and copper 15 828.250 daler. The largest of all forms of payment were rye and barley (26.6% of all taxes), followed by butter (11.7%) and horses (11.0%).
- <sup>11.</sup> The king had a monopoly on producing coins. Normally the coins were stamped with as high as the value of the silver they contained, but sometimes the king lowered the silver content without changing the coins stamped values.
- The king could lease out right to collect taxes to someone else. In 1530/31, for example, others had the right to collect taxes (Eli F. Heckscher, Svensk ekonomisk historia, Bonnier, Stockholm, 1935) in the cities, Nykoping, Örebro, Västervik, Ulvila and Viborg, and districts, Öland, South/East/West Vedbo, Konga, Kinnevalds, Sevede, Anbyrde and Möre, as well as large parts of Finland since the counties Viborg, Savonlinna and Porvoo were leased out.

#### **Taxes**

Over time the distribution of the tax burden varied, the level as well as what was taxed. But usually taxation consisted of different fixed taxes and consumption taxes combined with extra taxes to fund wars and such. 1809, for example, was five tax types: mantalspenningar<sup>13</sup>, profession tax<sup>14</sup>, window tax, excess fees<sup>15</sup> and war tax.

Not until the year 1713 an attempt was made to make a tax system based on each individual's real income. The system was abolished, however, soon as it gave the state much lower incomes, perhaps because people deliberately understated their income and wealth.

1812 a tax system based on real income was reintroduced. It turned out, however, that tax revenue again fell disastrously, so it was abandoned again.

1861 the fixed occupation taxes disappeared and the tax was in addition to municipal  $tax^{16}$ , estate tax, income tax and mantalspenningar.

1869 the ability to pay taxes with commodities was abolished.

- <sup>13.</sup> Mantalspenningar was introduced in 1625 and was removed 1938th. It meant after 1635 that the peasants were forced to pay a certain fee for each person over 12 years who lived on the farm.
- <sup>14.</sup> Profession tax was a fixed amount depending on what profession you belong to, and the amount was the same regardless of whether it was good or bad times. And in addition to one tenth of the yield. From this tenth 1/3 went to the local church organization and the rest went to the Treasury.
- During the 1700s there were a number of luxury taxes and excess fees. The purpose was often to reduce imports. 1731, for example, there were a charge of possession of wagons. And lousy enough, the highest class had the lowest tax, since for them carriages was considered to be a necessity. 1734 consumption tax and import duty were introduced on coffee, tea and chocolate. 1752 it was decided that the consumption tax would be paid by those who had a fortune and the charge was based on the size of wealth, whether they consumed the goods or not.
- It was originally no local or municipal tax but parish residents were required to build and maintain the church, rectory, parish hall and eventually a house for the poor people.
  There were no rules about how other common concerns would be financed and managed, it was up to individual interests and voluntary contributions. Schools and houses for the poor were largely depending on the inhabitant's idea of how important this was and how much they wanted to sacrifice. 1817 parishes however received the right to tax in some cases, while it 1862 was extended to all areas except the national ones. Among the most important decisions was that all children should go to school (public elementary school in 1842).

Over time, government tax revenue increased, especially in the 1900s (chart 3). During the beginning of the period it was due primarily to increased tariffs and income taxes. In the early 1920s, for example duties and income/wealth tax accounted for almost 90% of all tax revenue to the state (chart 4). In addition to the taxes paid to the state one had to pay almost as much to the local authorities (rural municipalities/cities, counties, road districts).

# Swedish governements annual incomes

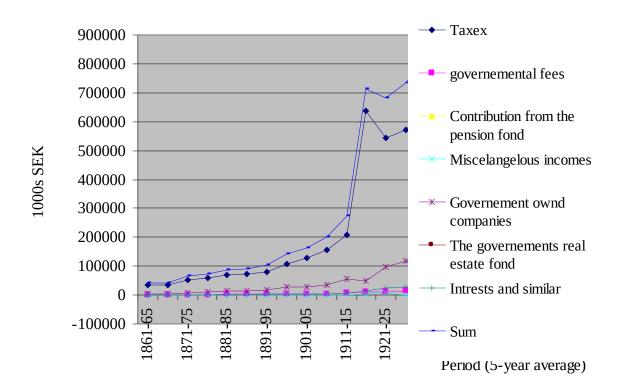


Chart 3. The Swedish government's annual revenue (5-year average) according to Statistics Sweden (Historical Statistics of Sweden, statistical summary tables to and including 1950, SCB, 1960, Stockholm).

## Tax to the government 1921-25

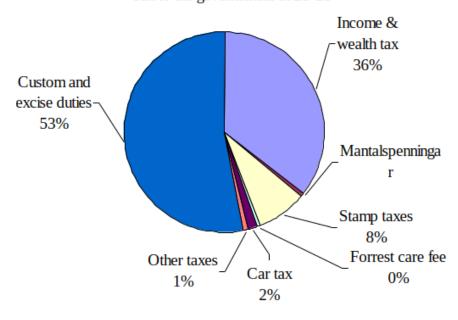


Chart 4. The Swedish government's annual tax revenue 1921-25 (5-year average) according to Statistics Sweden (Historical Statistics of Sweden, statistical summary tables to and including 1950, SCB, 1960, Stockholm). Stamp tax = public charge in certain business transactions as real estate or stock market transactions, issuing of driving licenses, passports and more. The charge was acknowledged by the government official with a stamp mark that looked like a postage stamp. Excise duty = charges for manufacturing or sale of certain goods.

Nowadays, however, the state customs revenue is significantly smaller (see also the chapter about customs). By contrast, VAT<sup>17</sup>, payroll taxes<sup>18</sup> and social contributions<sup>19</sup> constitutes the vast majority of the revenue (61%, figure 5). The total state tax in relation to GDP is about the same in most European countries, but social security contributions vary quite substantially (see chart 6). Would these be excluded from the calculation, state tax would be about a quarter of GDP in almost all the studied states (mean, median, minmax): 23.1%, 23.1%, 15.8 to 31.1%.

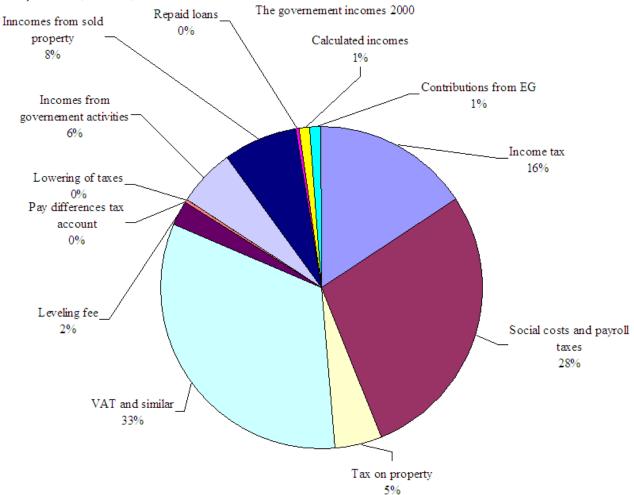


Chart 5. Swedish government revenue in 2000, according to Statistics (Statistical Yearbook of Sweden 2005, Statistics Sweden, Stockholm).

- The first version of VAT was introduced in Sweden in 1941, when the state needed more money due to the war. After the war (1947) the tax was abolished. A new similar tax was introduced again in 1961. In both these systems tax was only added in the final stage on the commercial chain, i.e. in the store (now also the store, the wholesaler and others pay tax on what they buy). Within the then EC it was in 1967 decided that all countries should have the same type of system that we have today. Sweden joined in and introduced such VAT system 1969. Today VAT is spread all over the world although, the tax have different names and some products/services may be exempted or have lower VAT, for example Germany have 16% VAT, Belgium 21%, UK 17.5%, China 17%, Israel 17%, Japan 5%, India 12.5% and Argentina 21%. The U.S., however, the U.S. does not have VAT, instead they have the older model which is only added in the final stage and it varies across the country 0-13%.
- <sup>18.</sup> Special payroll tax on certain earnings + tax on pension costs. The first kind is paid on dividends from profit foundations and the like and to income from passive business. The second kind is paid on the cost of retirement benefits.

<sup>&</sup>lt;sup>19.</sup> Social contributions = payroll taxes = pension contribution + health insurance contribution. These are taxes but charges, calculated as a percentage of the wages received by employees. The charges entitlement to benefits such as sick pays and pension and they are paid by the employer directly to the tax authorities.

#### Governement taxes and social fees

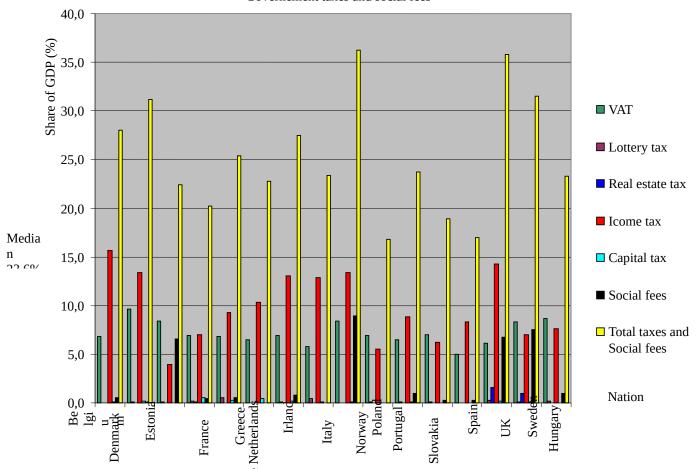


Chart 6. A comparison of state rexenue sharing between state income taxes, social security contributions, sales taxes, property taxes, among a number of European countries in 2000 (data from Euro stat website, figures refer to% of GDP).

Note Euro stat's way of presenting the state revenue is not fully compatible with the Statistics Sweden's way, why charts 5 and 6 are not entirely consistent.

#### **Duties**

Import and export duties have long been an important source of revenue for the government, even if it occasionally been exceptions. In Sweden, for example, duty tariffs were introduced in the 1100s, but some trade routes were duty-free, as the Hanseatic cities of Visby, Lubeck (from 1161) and at times certain customs locations have been leased to private individuals, e.g. around 1623, 1719, 1726 and 1777.

In the 1600 - and 1700's Swedish imports were dominated by a few commodities in the majority of cases used in food production, such as: salt, malt (raw materials for beer), rye, barley and salted herring (figure 7, 8 and chart 7). This suggests that we drank a lot of beer, ate salty food and that our diet was pretty limited. In addition, these figures show that most of the other products were manufactured within the country. The export consisted mainly of tar, timber and iron.

| Item 1 lest | salt                                       | 12 | öre | ett | st.   | lybskt grått 1/2 mk         |     |     |
|-------------|--|----|-----|-----|-------|-----------------------------|-----|-----|
| för 1 säck  |  | 6  | >   | >   | 7     | marbörst $\frac{1}{2}$ »    |     |     |
| ett st.     | leydsk                                     | 15 | >>  | ett | skpd  | lin                         | 6   | öre |
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| > ><br>> >  | amsterdamskt                               | 14 | >>  | >>  | »     | blår                        | 6   | >   |
| » »         | nereskt                                    | 6  | >>  | >   | *     | kabelgarn                   | 6   | >   |
| <b>'</b> >  | ?  | 6  | >   | en  | karp  | tvål                        | 5   | >   |
| » »         | götnisk                                    | 6  | *   | ett | fat   | rökelse                     | 15  | >   |
| » »         | musterfili 2 <sup>1</sup> / <sub>2</sub> » |    |     | en  | tunna | *                           | 71/ | 2 > |
| » »         | flamsk lakan 21/2 >                        |    |     | en  | tunna | ingefära $2^{1/2}$ mk       |     |     |
| » »         | hagenskt                                   | 12 | >>  | >>  | >     | pepparkummin                | 12  | öre |
| > >         | skotnisk                                   | 12 | >   | >   | >     | ris 1 »                     |     |     |
| » »         | hornisk                                    | 12 | >   | ett | fat   | mandel                      | 10  | >   |
|             | deltermundisk                              | 6  | >   | en  | tunna | >                           | 5   | >   |
| » »<br>» »  | westphaliskt                               | 5  | *   | >   | >>    | pepparkakor                 | 2   | Ď   |
| » »         | merschskt                                  | 15 | »   | >>  | >>    | tallrikar och fat           | 12  | "   |
| » × (4)     | görliskt 1/2 »                             |    |     | ett | st.   | malmersi $3^{1/2}$ mk       | 2   | 2   |
| » »         | ostenbryggerskt                            | 3  | >   | >>  | >     | $r\ddot{o}dvin$ $2^{1/2}$ » |     |     |
|             |  |    |     |     |       |                             |     |     |

| en | pipa  | bastart    | $2^{1/2}$ | mk |        | en  | läst  | rinskt mjöd 31/2     |   |    | öre |  |
|----|-------|------------|-----------|----|--------|-----|-------|----------------------|---|----|-----|--|
| en | potta | rumenij    | $2^{1/2}$ | >> |        | 30  | >     | brun mjöd 31/2       | > | 2  | >   |  |
|    | fat   | renskt vin | 21/2      | >> |        | >>  | >     | hamburg öl $3^{1/2}$ |   | ~  | >>  |  |
| >  | >     | pottå      |           |    | 15 öre | ett | skpd  | $vax$ , $7^{1/2}$    | > |    |     |  |
| >> | >>    | emst öl    |           |    | 6 >    | en  | tunna | lők                  |   | 2  | •   |  |
| >> | >     | mumma      |           |    | 6, >   | >   | >     | hattar               |   | 15 | >   |  |
| >> | >>    | pryssing   |           |    | 5 »    | ett | skpd  | bly                  |   | 12 | >   |  |
| en | läst  | kirsedrank | 3         | >  |        | en  | läst  | rostecker öl         |   | 12 | •   |  |
|    |       |            |           |    |        |     |       |                      |   |    |     |  |

Figure 7. Gustav Vasa's (king in Sweden in the 1500s) first tax table.

The table was used 1534-1536. For those who can read Swedish it's obvious that a lot of imported goods is missing on the list. All those who imported non-listed good had to pay 1 öre for every mark of the goods value (= about 12,5% in duty). 1536, when the customs authority was founded, a general duty tariff of 5% of the goods value was decided. Besides the comodities salt and hops. Hops, by the way, was one of the main imports at the time (and thus negative for the trading balance), since we drank a lot of beer. So the king decided in 1474 that every farm should grow at least 200 plants of hops. And there is still today a law about this, however, it is not in use.

# Import till Sverige år 1640.

Extract oppå de pertzeler såsom ifrån främmande land införde äre till effterschrifne tullkamrar uthi Sverige anno 1640.

|                                   | Stock-<br>holm.  | Nykö-<br>ping.  | 'Norr-<br>och Sö-<br>derköp. | Väster-<br>vijek. | Call-<br>mar. | Göte-<br>borgh. | Summa |
|-----------------------------------|------------------|-----------------|------------------------------|-------------------|---------------|-----------------|-------|
| Främmande drycker:                |                  |                 |                              |                   |               |                 |       |
| Bastart åhmer                     | _                |                 | _                            | _                 |               |                 |       |
| Alekanten »                       | 32               |                 | _                            |                   |               | 13              | 45    |
| Malvasijr »                       | $41\frac{1}{2}$  | 7               |                              |                   |               | $1\frac{1}{2}$  | 50    |
| Renscht vijn »                    | $784\frac{1}{2}$ | 24              | 32                           |                   | _             | 22              | 862   |
| Spanst eller Car-<br>narij vijn » | $847\frac{1}{2}$ | $30\frac{1}{2}$ | 59                           |                   | 17            | 81              | 1,035 |
| Franst vijn »                     | 225              | _               | $1\frac{1}{2}$               | _                 | $\frac{1}{2}$ | 11/2            | 26    |
| Ditto oxhöfft.                    | 1,026            | 156             | 319                          | 2                 | 8             | 338             | 1,849 |
| Ditto pijper                      | 1191             | 5               | 22                           | 7                 | 14            | 47              | 214   |
| Bränne vijn åhmer                 | 50               | 2               | $2\frac{3}{4}$               | $2\frac{1}{2}$    | 2             | . 54            | 118   |
| Ditto ancker                      | _                | 6               | _                            | _                 | 10            | -               | 16    |
| Fijnsk miödh tunnor               | 1                | -               |                              |                   |               | -               | 1     |
| Littausk ditto »                  | 12               | -               | 1 2                          | _                 |               | 5               | 17    |
| Lybsk » »                         | 126              | 9               | 16                           |                   | 6             | 21              | 159   |
| Pryssing åttingar.                | 55               | 3               | 6                            | 2                 | ' 21          | 16              | 84    |
| Br[unswichs] momma faat           | 471              | 2               | 3                            | _                 | _             | 4               | 56    |
| Lybsk ööl »                       | 338              | 75              | 27                           | 7                 | 62            | 28              | 537   |
| Wissmarst ööl »                   | _                | -               | _                            | -                 | 9             | 21              | 1     |
| Hamburger » tunnor                | 1                | _               | _                            | _                 |               | _               |       |
| Rostocker » »                     | 2,156            | 494             | 171                          | _                 | 428           | 15              | 3,264 |

Figure 8. Swedish import 1640 (Tabeller öfver Sveriges import och export sjöledes åren 1637-1640 och 1645 Ur Rikskansleren Axel Oxenstiernas skrifter och befvexling, P. A. Nordstedt & söner, Stockholm, 1904). The biggest import item was Spanish salt 67 976.5 barrels, which probably is about 11 000 tons. Moreover we imported malt (7 038.5 barrels), rye (7 295 barrels), herring (12 050 barrels) and cloth, spices, meat, fish, beverages, and colors' in various smaller volumes with odd names and miscellaneous manufactured products like gun powder horns. Salt was, as mentioned, the most important goods . Despite that we also have made our own salt through dry boiling of North sea water. The reason that it never became a success story is that it requires more than 20 m<sup>3</sup> logs for one barrel of salt.

The most important import goods to sweden and Finland 1740

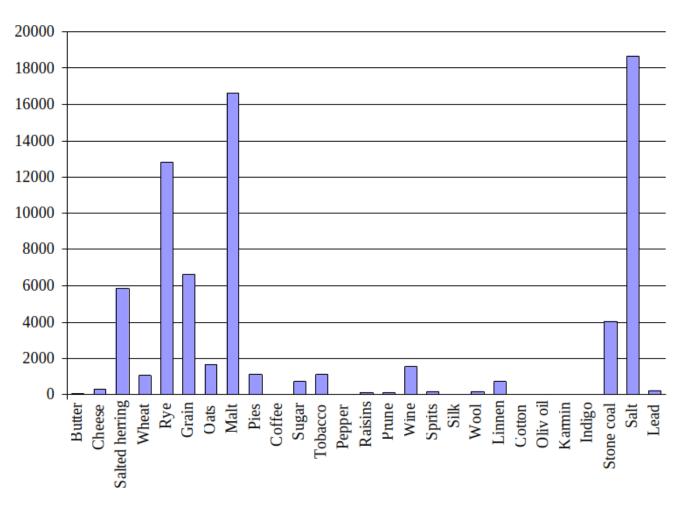


Chart 7. The Swedish imports in 1740 according to Statistics Sweden (Historical Statistics of Sweden, Part 3 Foreign Trade 1732-1970, SCB, 1972, Stockholm, Sweden), with all contemporary different measures translated into tons, with the simplification that a litre = 1 kg (which is not completely true for all items). Some of what was imported was later exported again to other countries.

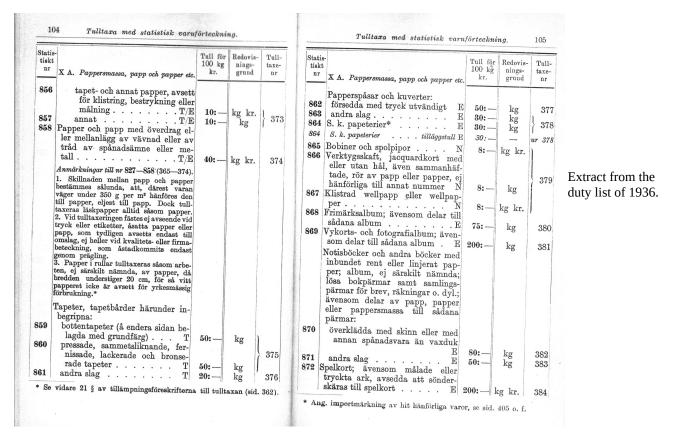
1863 all tariffs on goods exported from Sweden was removed. And in 1965 the system where certain cities had to keep customs houses (= buildings where all imported goods were unpacked, counted and taxed) was abolished and the state took over the full responsibility for customs operations.

1974 the modern system was introduced whereby goods imported to Sweden no longer needed to be unpacked and examined by a customs officer who worked out the charge that the importer must pay to get their goods into Sweden. Instead, the importer himself could to go through the goods and send a customs declaration to the Customs.

Through the WTO (= World Trade Organization, formerly known as ITO = International Trade Organization, founded in 1948) we have agreed on global custom tariffs (GATT = General Agreement on Tariffs and Trade), which led to sharp reductions in the custom tariffs.

Sweden has also gradually abolished tariffs against neighbouring countries and when we joined the EU in 1995 the trade with the other EU members (and some other countries) is duty free. We are also participating in a uniform tariff system for imports from outside the Union. Nowadays 75% of the duties we charge on imports from outside the EU now go to the EU budget. For Sweden, we thus contributed with 450.3 million Euros to the EU (2011). But we also retain 151 million Euros. Thus, we are still get nearly 6 billion SEK in duties even though we now have duty-free access for imports from many of our major trading partners, and despite all the international trade agreements.

Well into the 1900s the duties was the state's most important source of income (figure 9, chart 4), but fossil fuels sailed up as the main import goods (chart 8).



The most important import goods to Sweden 1938

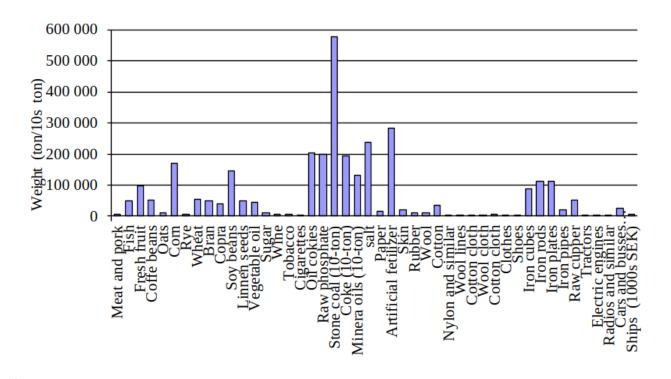


Chart 8. The Swedish imports in 1938 according to Statistics Sweden (Historical Statistics of Sweden, Part 3 Foreign Trade 1732-1970, SCB, 1972, Stockholm). Note that stone coal, coke and mineral oils accounted for 10's of tons instead of tons.

Although tariffs and other trade barriers it was in the past, as well as nowadays, many states that imported far more than they exported. In the 1920s, for example, there were only a handful of the then totally independent states that had a trade surplus (table 6). That equation does not seem to go together due in part to that the large economy of the U.S. had trade surpluses, and that many of the colonies probably had a favourable "balance of trade" (or in other words, was exploited).

Table 6. Economic data for the countries that were totally independent states in 1926 (from Bonnier conversation dictionary, published from 1922 to 1931). The countries with trade surpluses are highlighted in green.

| The former country names    | Main export products (trade law approximate share | Trade balance |
|-----------------------------|---|---------------|
|                             | of the main export products)                      | export/import |
| Abyssinia (Ethiopian)       | Agricultural products                             | No data       |
| Afghanistan                 | Felt, silk, carpets                               | No data       |
| Albania                     | No data   | No data       |
| Andorra                     | Livestock products                                | No data       |
| Arabia (Saudi Arabia et al) | Dates, coffee                                     | No data       |
| Argentina                   | Agricultural products (> 90%)                     | 1.20          |
| Belgium                     | Coal, iron, steel, glass, textiles                | 0.71          |
| Bolivia                     | Tin (1/4 of the entire world production)          | 2.34          |
| Brazil                      | Coffee (75% of the entire world prod.)            | 0.86          |
| Bulgaria                    | Produce   | 0.74          |
| Chile                       | Chile Saltpetre and guano                         | 1.71          |
| Colombia                    | Coffee (about 80%)                                | 0.75          |
| Costa Rica                  | Coffee, bananas, sugar, cocoa, wood               | No data       |
| Denmark                     | Butter, eggs, pork (type 70%)                     | 0.60          |
| Dominican rep.              | Sugar, cocoa                                      | No data       |
| Ecuador                     | Cocoa (> 70%)                                     | 1.51          |
| Egypt                       | Textiles & cotton (> 70%)                         | 0.84          |
| Estonia                     | Wood products (60%)                               | 0.88          |
| Finland                     | Wood and paper products (80%)                     | 0.81          |
| France                      | Clothing and textiles (48%)                       | 0.54          |
| Greece                      | Agricultural products (77%)                       | 0.32          |
| Guatemala                   | Coffee, sugar, corn, bananas                      | No data       |
| Honduras                    | Bananas, coconuts, coffee, tobacco                | No data       |
| Italy                       | Raw silk and cotton goods (60%)                   | 0.44          |
| Japan                       | Raw silk (55%)                                    | 0.73          |
| Yugoslavia                  | Livestock products (48%)                          | 0.38          |
| China                       | Raw silk (43%)                                    | 0.70          |
| Cuba                        | Sugar and tobacco                                 | No data       |
| Latvia                      | No data   | 0.95          |
| Liberia                     | No data   | No data       |
| Lithuania                   | Agricultural products, timber                     | 1.31          |
| Luxembourg                  | Iron ore  | No data       |
| Mexico                      | Oil (51%), silver (19%)                           | 1.92          |
| The Netherlands             | Textile products (20%)                            | 0.51          |
| Nepal                       | Rice and wheat                                    | No data       |
| Nicaragua                   | Coffee, bananas, sugar, wood                      | No data       |
| Norway                      | Pulp & paper (34%)                                | 0.41          |
| Panama                      | Bananas, cocoa, coconuts                          | No data       |
| Paraguay                    | Agricultural and wood                             | 1.16          |
| Peru                        | Cotton & Oil (55%)                                | 1.92          |
| Persia (Iran)               | Oil (58%)   | 0.77          |
| Poland                      | Wood products & food animals (45%)                | 0.78          |
| Portugal                    | Sardines & wine (70%)                             | 0.32          |
| Rumania                     | Cereals (51%)                                     | 0.67          |
| Russia                      | No data   | No data       |
| Salvador                    | No data   | No data       |
| Switzerland                 | Textiles (58%)                                    | 0.93          |
|                             | 1 :   |               |

| Siam (Thailand) | Rice (80%)                                     | No data |
|-----------------|--|---------|
| Spain           | Fruit (34%)                                    | 0.61    |
| UK              | Cotton goods (53%)                             | 0.70    |
| Sweden          | Wood products, paper & pulp (48%)              | 0.89    |
| Czechoslovakia  | Cotton products & sugar (47%)                  | 1.22    |
| Turkey          | Tobacco (42%), fruits and vegetables (24%)     | 0.58    |
| Germany         | Iron & textiles (38%)                          | 0.99    |
| Hungary         | Wheat & wheat flour (37%)                      | 0.95    |
| Uruguay         | Animal products (90%)                          | 0.74    |
| USA             | Raw cotton (31%)                               | 1.56    |
| Venezuela       | Coffee, cocoa & oil                            | 1.83    |
| Austria         | Metals, metal products & cotton products (41%) | 0.57    |

#### Currency

People have traded things with each other long before there were coins and banknotes. Many times the deals were direct replacements like one salmon for five apples. But other times both parties it did not have an article the other needed and then they needed an intermediary that the seller could use to buy what he wanted from a third person. Precious metals appeared in many cultures as an appropriate intermediate, since these are:

- 1. Easy to maintain, even in larger quantities without getting destroyed and they do not decrease in value.
- 2. Easy to transport, i. e. high value in relation to weight and volume.
- 3. Easy to divide into larger and smaller quantities.

In the beginning purchases that were not replacements were paid with precious metal chunks cut from jewellery and the like. The next step was gold and silver pieces with uniform size and fineness. From there it was a short step to that the state guaranteed the size and metal content and had a monopoly on the production. When the metal pieces were stamped with different kinds of sovereignty symbols they had turned into coins.

The Roman Empire, for example, had a well-developed coinage system. Coins made of brass, bronze, copper, silver and gold, were minted and distributed according to strict rules of weights, sizes, value and metal composition.

In Sweden we had until 1624 almost exclusively silver coins because we (due to Sala silver mine) had quite a lot of silver.

Swedish silver coin (halvörtug) from 1480. The picture is a blow up. In reality the coin has a diameter of about 13 mm.



Prior to 1534 the coins were called mark, penny (= 1/8 marks), örtug (= 1/24 marks) and penning (= 1/192 marks). 1534 we also introduced daler in silver, later called crowns and a shilling that was worth 4 marks. 1624, we also introduced a copper daler whose metal content would have the same value as the corresponding silver coins. The coppers market value in relation to silver was, however, reduced and thus the cupper coins value decreased relative to silver coins of the same denomination. It was, therefore, necessary to distinguish between daler copper and daler silver.

The system was discontinued after 1776, when Sweden switched to pure silver standard, with coins crowns specie, shilling (1/48 daler specie) and rundstycken (1/576 daler specie). Additionally there were notes called Riksdaler banco. The notes redeemed until 1808 with silver coins and was equivalent to riksdaler specie. Since then they became impossible to change into silver and their value fell.

In addition to these currencies we had from 1789 also Riksdaler riksgälds. It was originally credited banknotes issued by the National Debt Office. But they became impossible to change into Riksdaler banco and their value fell against Riksdaler banco notes. In 1803 the Riksdaler riksgälds notes were incorporated in the National banks monetary system, and a Riksdaler riksgälds = 213 riksdaler banco.

This wacky system consisted until the coin regulation of 1855, when the main coins riksdaler and öre (= 1/100 riksdaler coin) were introduced. In 1873 coins regulation the currency name changed to crowns. Meanwhile Sweden, as well as some other countries, changed from the silver standard to the gold standard. The connection between gold value and currency value was ensured by the following rules: owners of gold were entitled to have it embossed into gold coins. Owners of gold coins were allowed to melt them down to obtain metallic gold.

With the gold standard the exchange rates between different currencies just depended on the notes and coins gold value, facilitating international trade.

The system, however, crashed in summer 1931 due to a severe recession, and also that Germany had to pay huge reparations to the U.S. and France after the First World War. The latter, in turn, led to an accumulation of gold in the United States and France, and lack of gold on the world market. Other countries' central banks had to reduce their lending and money pressing<sup>20</sup> to be sure to be able to redeem the money and the outstanding banknotes with gold. With the result that they had to choose between that prices and wages would decline, and the recession would be even worse. Or to switch to a different system than the gold standard. All countries except the USA, France and Germany chose the latter. The new system, paper standard, was designed so that the value each currency was guaranteed by the respective state and its agencies, primarily the national bank. The greater the capacity was to support the currency, if necessary, through buying it, the less its value varied relative to other currencies.

Paper systems also had some shortcomings. As it was easy, and tempting, for a country to improve its economy by lowering the value of its currency relative to other countries' currencies. Since the reduction would make imported products more expensive and exports cheaper. To counteract this, an agreement was signed in 1944 in the town of Bretton Woods, United States. The agreement was that the participating countries' currencies had a fixed value relative to the U.S. dollar. U.S. in turn guaranteed that each dollar could be exchanged against a certain amount of gold. The system ended unfortunately in 1971 because the United States no longer considered themselves able to afford to guarantee the dollar value in gold (mainly because of the Vietnam War became so expensive) and we were back to the situation prior to the agreement in Bretton Woods.

- 20. The amount of money in the economy is increased in two ways:
  - 1. When the national bank press notes and minting coins (or order it). This increases the amount of cash. In today's economies however, it is only a fraction of the total money supply that consists of cash. 2006 consisted only 7.07% of the Swedish monetary amount, of cash.
  - 2. Someone (such as the national bank) deposit 100 000 SEK in an account at a bank. The bank in turn lends out these to someone who in turn buys something. Whoever gets the money, in turn, set them on their banks, which then lend them to further another person and so on (a bank can not lend more money than they have borrowed). This could continue indefinitely if it were not for that, when the bank have lent out money, they have no money to give the person who borrowed them money, if he wants them back. In order to be able pay them they borrowed from, the banks must have some money of their own, and can't lend out, in the current situation, more than about ten times as much money as they own themselves.

If the national bank and/or the other banks decrease the amount of money on the market, which nowadays are done through tightening their lending and terminates existing loans, the effect is that prices are falling, which is called deflation. Deflation was rare during the 1900s, but more common in the 1800s. Since the money supply to a much greater degree consisted of cash and many countries applied the gold standard, the possibility to make more money as the economies grew was very limited.

If the banks instead would increase their lending dramatically the prices would increase, which is called inflation. Inflation, however, was common during the 1900s.



A one crown note from 1920 and a ten crowns note from 1937. The highlighted text says that the bill can be changed into gold in the National bank. The text dissappeared on the new bills issued from 1940. Besides notes, silver and copper coins, we had gold coins in the values 5, 10 and 20 SEK. Which had about 2, 4 and 8 grams gold respectively. The youngest gold coins are 20 SEK from 1925 and they aret to a large extent still in the vault of the national bank and they constitutes a part of our gold reserve.

In the 1920s the prices in Germany rised in a hysterical tempo. A thing that earlier had costed one Mark costed after a while maybe 200 billion Mark. So the German national bank was continuously occupied with printing new bills with higher and higher numbers. And money sawed in the matrass became worthless.

The note on the upper hand is a 20 Mark bill from February 1918, while the one on the lower hand is five years younger and it is stamped 500 000 Mark.















Or even worse when the cost of such a cheap thing as a stamp raised to 20 billion Mark.







# Government expenditure

State affairs on behalf of the country used to be to uphold the law, control and defend the country and to raise funds for these activities. Much of the judging was handled locally, however, and the king ruled himself along with his closest men. So, for example, the Swedish government, was until the 1800s almost only doing defence and warfare, and arranging the money for this. The governmental activities (authorities) who withdrew money were: tax collection, customs, mints, land surveying (from 1628, important in particular to establish the tax values of the country's farms).

#### In addition, there were:

- Periodical diplomatic representatives in other countries (from 1500-century) and their main task were to chase funding for the Swedish warfare. Other countries, however, have had diplomatic representatives as far back as the time of the Egyptian Empire. But it was not until the Middle Ages that permanently stationed envoys began to occur, perhaps first in the small republics of Italy, where the diplomats first were recognized a professionals, but also in the Hanseatic League, though, it was not widespread until the 1600's.
- Authorities with the task of improving the economy of Sweden, as the Board of Trade, that was founded in 1637 (would promote trade, shipping and manufacturing) and Board of Mines (for promoting the mining industry).
- A government system to accompany war and merchant ships through difficult sections of the Swedish waters started in 1677 as part of the Navy (but there were private harbour pilots much earlier than that).

In 1809, authorities received a more independent position in relation to the power and the modern authorities in Sweden were shaped with the founding of the authorities:

- Royal Board for roads and water ways in 1841 (later the National Road Administration, now the Transport Administration).
- Economic Mapping Agency in 1859 (from 1896 called National public atlases, a part of the current National Land Survey).
- Royal Pilot Board 1872 (replaced in 1956 by the Royal Maritime Authority, which in 1970 changed its name to the Maritime Administration).
- Patent and Trademark Office 1891st.
- Welfare Board 1913<sup>th</sup>.

Well into the 1900s, the defence was still the state's largest expenditure item (chart 9), followed by social protection (social care + pensions) and education. In 2000, however, the defence swallowed no more than 7% of the state budget (chart 10), while the social protection system was the incomparably largest expenditure item.

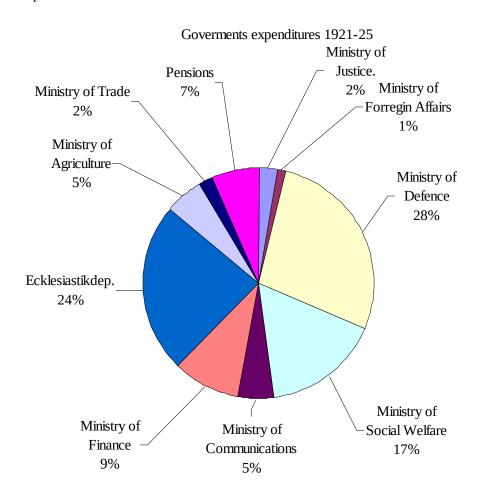


Chart 9. The Swedish governements' annual expences1921-25 (5-years average) according to Statistics Sweden (Historisk statistik för Sverige, statistiska översiktstabeller till och med 1950, SCB, 1960, Stockholm). Ecklesiastikdep resembles approximatey to the office for education. It treated questions regarding education, the church, science, liberarys, culture nd museums. Among the cost for Ministry of Finance is hidden foremost the intrest on the national debt. Investments in infrastructure was payed out through the Ministry for transports.

# Government expenditure 2000

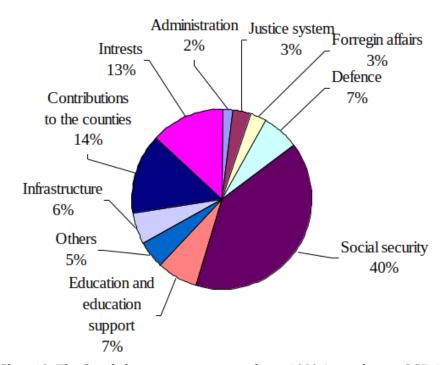


Chart 10. The Swedish governement expenditure 2000 (according to SCB 2005).

# Defence

Owning weapons and to be familiar with their use was during the earliest times, every man's natural right and duty. This was the fundament for the war organization with universal conscription through ages, and it formed the basis of the Swedish defence.

For the "country protection" or defending their own /province, a share (which varied with the need) of the free male population was called to military service. In extremis all wars capable men, both free as slaves, was called.

In the Middle Ages came the armour-clad knights in Europe, which was a terribly powerful weapon against the transient militant farmers and it also forced Sweden to obtain such elite soldiers. But only society's wealthiest members could keep a horse and an armoured knight.

To increase the size of the cavalry it was decided that those who lined up a knight with armour were called nobles, and the whole organization was called the nobility rust service. In Sweden, in contrast to what was the case in the rest of Europe, that system never replaced the peasant army but they complemented each other. In the war for liberation from Denmark, however, the system's shortcomings were obvious. Farmers must, at harvest and sowing, go home to their farms. They had furthermore not much to put up against the battle-tested professional soldiers. The time required professional troops, but these were expensive to maintain, so the king (Gustav Vasa) organized a national standing army, the first of its kind in Europe. For this, he used both voluntary military service and forced ditto. In the beginning out of ten men one had to join the forces. But during the 1600s also another systems occurred where a certain number of farms should fix and equip a soldier.

The large field armies that we in the 1600s (in particular the Thirty Years War) held abroad, consisted largely of foreign soldiers of fortune with the domestic standing army as a core. 1630, for example, the recruited foreign troops were about 36 000 and the domestic standing army, about 40 000 men. The peasantry, however, found, the system heavy and unjust, especially as few survived the service, and they demanded a relief. In 1682 it was decided that the owners of a number of farms should, in both peace and war, raise and pay one warrior<sup>21</sup>, which belonged to one of those in the countryside located regiments. After the stinging loss of Finland in the war of 1808-09 against Russia, we realized that something radical needed to be done, so we revived the general conscription again. And like other countries in Europe and soon most European countries we got an army based on universal conscription. Then the organization was about the same until 2000, although funding and investment in defence varied with turmoil abroad.

Two farms with a certain size should provide a walking soldier.

In the same way it was with the cavalry with the big difference that these soldiers also had a horse that would be maintained.

The sailors were maintained in the coastal areas and in the cities. In the latter case, it was the urban burghers who had to keep the sailor with housing and cash pay.

#### Public education

During the Middle Ages, a number of universities were founded in Europe. The students were taught in art, theology, medicine and civil and canon law. Sweden got its first university in 1477 (Uppsala University), though it was not then run by the state but run by the Catholic Church and the purpose was to educate the higher clergy. Then, when Sweden became a Protestant state, the university was shut down, but it opened again 1595th. The aim then was to provide Sweden with capable officials who, among other things could work for Sweden when dealings with foreign countries. In 1668 Sweden's second university was founded in Lund. In 1826 started the teaching at the Technological Institute in Stockholm (from 1877, Royal Institute of Technology, KTH in Swedish). Since then, the higher education has evolved significantly and now there are 14 universities<sup>22</sup> and 21 state colleges.

# Social security

Until the Industrial Revolution the social protection in Sweden mainly consisted of:

- 1. The family and/or the workplace that one hopefully was a part of. The farms, for example, were required to take care of their old and sick.
- 2. Professions like tailors and others, which did not always have any work community, began in the 1500s to create guilds arrangements providing assistance to sick members. First, the business was small and mostly of charitable nature. But by the mid-1700s came the first real health insurances: The Book printers Sickness and Burial Help (1754), which was directed to all those who worked as book printers (excluding trainees) and their wives. In Gothenburg 1761 it was formed a more general Medical, Sickness and Burial Help whose members were mainly artisans from different small craftsman groups.
- 3. Church. In the monasteries poor and sick could receive care and assistance. It was also the church that stood for the cultural development of the country and some teaching activities occurred in some places. For these services as well as their spiritual work, the church took a tax of the population called the tenth, as a tenth of everything anyone produced should be given to the church. 1/3 of the tax went to the local church organization, while the rest went well higher up in the organization and was also distributed to the poor. In addition, the church had large estates that contributed to the financing of their activities. When Sweden in 1527 went from being a Catholic to be a Protestant country, the state took care of this tax beyond the part that went to the local organization. The monasteries were demolished and the poor/sick now had to manage the best they could. The new doctrine preached namely the r Christian moral duty, and said that charity encouraged loitering that the Christian should not tolerate. But later, the church served as a social institution with funds they received in collections during church services. Money that, during the 1700s, was used to build hospitals.
- 4. The state also did some activities for the benefit of the poor. In the 1500s, for example, a charity house on Riddarholmen was established. And in the 1700s there was a small grant for poor care from government spending. The state stored, to some extent, also the grain which they obtained through tax revenues and purchases, to rescue the needy with bread cereals and seeds in case of crop failure.
- 5. Contemporary rural municipalities (parishes) also took some responsibility for the poor because they were housed on different farms a certain period/farm according to a definite system.
- 6. Nobles, clergy and commoners formed, in 1770, a fund for the promotion of health care among the poor. A few years later, even the farmers put a little sum for each servant they had. The fund's assets went to hiring a number of doctors around the country.
- The difference between a university and a university is that universities have a general right to award degrees, and colleges may be entitled to issue such degrees in a particular discipline. However, there are universities that have the word college or institute in the name though they are a university like Royal Institute of Technology and Karolinska Institute.

With the population growth in the latter part of the 1800s the amount of people who neither owned neither land nor were professional craftsmen increased. Thanks to industrialization during the same period were, however, some of these people got, with contemporary measures, a decent income so that they had a little money left over for health insurance. So during this time there quite a lot of private health funds emerged. 1931 it was decided to introduce a national system of local health funds that followed the municipal division. The principle of unity meant that it would only be one fund in each area. All the recognized funds received government subsidies for their activities. In addition, there were the central health funds that were collection agencies for local health insurance funds. Local health insurance funds accounted for the first 21 days of illness, and then the central fund took over the responsibility. In the late 1950s, health insurance became mandatory. And 1962 all the funds in each county were merged together to county funds. 2005 all these funds were merged together into one national fund.

Other parts of the social security systems grew, roughly, like this:

- 1. Parenting. Paid maternity leave was introduced in 1931. 1947, the child allowances became general. 1974 the maternity insurance was improved and renamed parental insurance. 1975 the benefit period was extended to 7 months, and one got the right to be at home with a sick child for 10 days per year.
- 2. Occupational injuries. A work injury insurance was introduced 1901 with a law that implied an obligation for some employers, mainly in industry, to provide compensation to workers who have been injured at work. In 1916 became an obligation for employers to insure virtually all employees for accidents at work. The legislation was then supplemented on several occasions until we 1955 received a new law regarding occupational diseases. Through this law, there was a high level of coordination with public health insurance, and in 1977 they merged together completely.
- 3. Old age. In 1913 a small was pension decided for those aged 67 and besides that there was a supplementary pension for those who had the highest need. Everyone would pay a pension contribution on their income, and the pension would be in relation to the previous wage income. The pension amounts were low, representing about 13 percent of a worker's average annual salary. In addition, men and women did not have the same pension amount. The system was administered locally by the local government pension boards. Pension insurance also included compensation for invalidity. In 1948 the pension system changed in several ways: the pension rates increased sharply, the disability pensions were improved, some family benefits were introduced as state and municipal housing cost compensation. Another important change was that the retirement pension was made independent of the previous income and thus became generalized. Poor or rich, all received the same pension. During the 1950s, the so-called ATP-battle was fought, which resulted in a new mandatory and universal retirement fund in 1960. Every one that had been working for 30 years had full pension. The pension was dependent on the income of the top 15 years. The two systems would together provide a pension equivalent to about 60 percent of the previous average income. The retirement age was originally 67 years but was reduced from 1976 to 65 years.
- 4. Disability. With the advent of pension insurance in 1913 we received income support to disabled people and in the mid-1950s, a number of improvements. During the 1970s, a childcare allowance for children up to 16 years and disability benefits for persons older than 16 years were introduced. In the 1980s, this was complemented with car allowance and in the 1990s the right to have personal assistants paid by the government.
- 5. Leave. 1932 was the Social Democrats in power in parliament and could form a government. Their political goal was a society where all people would feel secure and well-being. Which among other things resulted in the Holidays Act which made every worker entitled to two weeks vacation. Later, the statutory holiday gradually grow to 1978 when we got a fifth week of vacation.
- 6. Unemployment. Unemployment insurances began as individual initiatives in the form of trade unions, which in the late 1800s gave some financial assistance to unemployed members. First the aid consisted of travel grants so that they could seek employment elsewhere if, for example, the local factory closed down. The current system of voluntary unemployment insurances with government subsidies was launched 1935<sup>th</sup>.

## Government infrastructure

In Sweden, as well as in many other countries, the state infrastructure consists mainly of roads (about 2/3 of all public streets and roads), most of the rail network, many airports, sea routes, some power lines, defence installations and facilities for the State administration. But before the 1800s, it consisted only of defence, government buildings, sea marks, and a dozen lighthouses (most old Swedish lighthouses were built in the 1800s).

Also the roads used to be private, even if they were built at the state's command and citizens could pay the tax in the form of work on the construction of these. The maintenance was handled by the peasants whose land the road happened to cross. They also had the obligation to provide a ride to the disposal of the state men. First, in 1895 the State began to contribute with a modest 10% of the cost of road maintenance, but still the farmers had to pay the rest. 1918 the state contribution increased to 30% of the cost. And in 1944, finally the routes in rural areas altogether were nationalized and the National Road Authority would handle everything from construction to maintenance and snow removal.

# Judiciary

The judiciary is probably society's most important function, since without it we would not dare to go on the street or see no point in cultivating the land, build a home or run a business, since what we had built up anytime risked getting destroyed by someone who was stronger or better equipped. So it has been in all times and therefore it has "always" been some kind of rules as to what is unacceptable (e g, moral codes or laws), someone who decides on the laws (king or parliament), someone (police) that ensures compliance with these rules and punishments (prisons) for those that we believe violate the rules.

# SVERIGES RIKES LAG

GILLAD OCH ANTAGEN PÅ RIKSDAGEN ÅR 1734, STADFÄST AV KONUNGEN DEN 23 JANUARI 1736

MED TILLÄGG AV FÖRFATTNINGAR SOM KOMMIT UT FRÅN TRYCKET FÖRE DEN 1 JANUARI 1993

HUNDRAFJORTONDE UPPLAGAN UTGIVEN AV OLLE HÖGLUND As seen on the title page of the Swedish book of law we worked on our common rules for a long time. Of course from much earlier than the 1700s. But it was then when the law book got it's current structure.

And there is still today laws that appearently are written for another time, like: 4 § 11 chapter in byggningabalken which is about what to do with loose pigs found on public roads when it is not winter.

The Swedish judicial system has roughly developed as follows:

- Law-making. In the Middle Ages it was the king who made the laws. With time, however, the king got less and less involved, although he up to the 1974 was the one who formally took decisions. In 1809, Sweden got a new constitution that divided the power between the king and the parliament. In addition, a Parliamentary Ombudsman was introduced that would help individual citizens if necessary, to start an action against the state. The Supreme Court was established in 1789 when an organization for legal review of new legislative proposals was founded. 1909 a council took over the Supreme Courts work to review the proposed laws.
- Courts. Adjudication was until 1965 a local affair for the cities, initially run by the congregation of townspeople who decided. But over time, special assemblies for different types of trials emerged. In the Middle Ages, the state's role in this was that the king constituted the last instance in the appeal of a judgment. The king therefore travelled around the country and sentenced. It gradually became unsustainable and in the 1600s state courts started (courts of appeal) that ruled in the king's place, the first of these was the Svea Court of Appeal 1614<sup>th</sup>. In the 1700s came the aforementioned Supreme Court. By 1974 the Supreme Court ceased to rule in the king's name. 1965 all local courts in the country were nationalized and county courts were added in 1979.
- The police. Until 1965, police work was primarily a local/municipal matter. The state was engaged in part through that the military, to the middle of the 1800s, helped in efforts to keep order in the cities. Moreover, the state contributed with support functions to local police organizations.
- Prisons. In the Middle Ages people usually were convicted to shame penalties, fines, corporal punishment, exile, or death. Real prisons did not exist, so the arrested and sentenced to prison had to sit in the town hall, the city walls, or in some monasteries. Additionally people were locked into castles and tower basements, or in underground burrows where the prisoners were lowered through a hole in the floor.

The first prison was built in 1624, in Stockholm, and in the latter part of the 1800s a whole series of prisons were built. 1857 the parliament decided that all those sentenced to prison and those sentenced to hard labour for up to two years would be sitting in the cell, so in most of these new prisons, each inmate had his own cell. 1892, a new parliamentary decision was taken that meant that everyone would sit the first three years in the cell, then they would work.

1832 all corporal punishment besides the death penalty was abolished. In 1921 also the death penalty in peacetime was abolished, in 1946 the insulation cell punishment was abolished, and the death penalty in time of war was abolished in 1973.