CHAPTER FOUR

SWEDISH NAVAL ADMINISTRATION:
SCOPE, COMPLEXITY AND STRUCTURES

4.1 State, society and naval administration in Europe

4.1.1 Resource flows, entrepreneurs, and bureaucracy

Navies are organisations maintained by states as instruments of policy. They control and protect sea lines of communication, project power across the sea, or deny enemies the free use of the sea. Naval administration involves managerial activities and organisational capabilities that channel and transform resources into naval power and operations at sea in order to implement a policy. Like other organisations, a navy must have the ability to transform and integrate external resources with its core competencies in order to create an advantage in competition with other activities—organised as well as improvised. Resources are raised from society, and the core competence for resource handling provided by the naval administration is therefore the critical connection between state, society, and naval organisation. Naval organisations have been large, complex, and centralised in comparison to the society, and resource flows from society to the organisation have often been a serious political and administrative challenge. That also makes early modern navies interesting as pioneering examples of how problems were solved by a complex organisation.¹

The rise of the complex organisations, replacing local society (the manor, the guild, the town, and the village) as the central building blocks of society, is one of the fundamental changes in the modernisation of Europe from the late medieval period to the 20th century.² In the early modern period (the 16th to 18th centuries), complex organisations were primarily parts of the rising fiscal-military states. Before the 19th century, the large navies were the most complex organisations

in existence. Warships, naval weapons, operations, and bases required advanced technology, large-scale investments, long-term planning, and an unusual degree of centralisation of many skills and vast resources. Recruitment of naval personnel, acquisitions of naval stores, and financial control required administrative competence and networks of contact in society. A state had to pass a certain threshold of long-term policy-making, centralisation of resources, and administrative sophistication before it could maintain an efficient navy.

Complex organisations do not develop spontaneously or merely by centralising resources. They are the result of human efforts to combine different competencies and resources into a new structure in which several individuals cooperate in order to achieve more, with lower transaction costs. Creation of new combinations or innovations is, with the theoretical approach introduced by Joseph Schumpeter, the central role of the entrepreneur. The creation of a naval organisation is an act of entrepreneurship: identification and combination of those scarce technical and administrative capabilities, which are critical to form successful operational fleets. As warfare by its nature is a competitive process, navies also need entrepreneurial efforts for modernisation and expansion. Entrepreneurial efforts are also necessary to create the new political, fiscal, and administrative combinations, which provide the navy with external resources from society.

The word entrepreneur has more than one meaning in the English language. This frequently leads to confusion in historical investigations. In medieval and early modern military history, entrepreneur is the usual word used to describe men who organise military and naval forces as private business undertakings and lease them to states. In Schumpeterian-inspired economic theory, the word is often associated with the practical realisation of technical, commercial, and organisational innovations. In economy, the word entrepreneur has also the more general meaning of an individual who controls a commercial undertaking while acting in a milieu of uncertainty and risk. Initiatives supporting growth and diversification are also normally regarded as entrepreneurial activities, often stimulated by ambitions to take advantage

---

3 Scott and Davis 2007, esp. 124–50, 221–33.