

# **Private funding, the formation of disciplines, and transformation of universities -- a Swedish example from the fin-de-siècle**

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## *Abstract*

The aim of the present paper is to discuss the tripartite relationship between private funding authorities, the formation of new scientific disciplines, and phases of transformation in the history of universities. As its empirical point of departure, this discussion takes the historical case of the Lorén Foundation (*Lorénska stiftelsen*, 1885-1903) and its role in the formation and academic institutionalization of Swedish social science discourse. The symbiotic mixture of interests between the private foundations and the two new expanding universities of Stockholm (founded 1878) and Gothenburg (founded 1891) within this process is particularly emphasized. A tentative statement based upon these historical experiences might be that the role, function, and sphere of action of private funding authorities are especially efficient during phases of transformation, i.e. disciplinary transformations (when a new field of research is formed or when an old discipline fragments into sub-fields or changes cognitive direction), as well as in the transformation of knowledge institutions (phases of founding, development and/or expansion).

***Introduction: Money, research, universities***

Fundamental for all kind of university-based research are the financial aspects. Without necessary economical support there will be no research -- nor any universities.

Scientists, as well as the actors in their close surroundings, need money to earn their living and produce their results. Usually, different forms of funding are at hand, displaying a wide array of alternatives, designed and mixed in nationally, locally and individually adjusted ways. Governmental, federal or state funding might be combined with money from research councils, private foundations, or, in some cases, the researchers own accumulated capital. Before the rise of today's -- still changing -- research funding infrastructures, benevolent patrons played a more crucial role. But still, money is necessary for any intellectual activity. It might therefore look like a truism when Jennifer Platt states (1996:142): "The institutions which fund research are an important part of its social context."

Given this uncontroversial but basic fact, systematic research on the history of science funding have been surprisingly sparse. It should be no exaggaration to say that the historical research, conducted this far, does not correspond to the basic and necessary function of science funding. There are though several studies focusing on aspects closely intertwined with the research area. Especially well documented and penetrated is the American case, where special attention has been given to the Rockefeller foundation and its affiliated organisations, as well as its transnational effects (see eg. Fisher 1980, 1983, 1984 and 1993, Bulmer 1984, Platt 1996, Geiger 1988, Craver 1986 and 1991). These studies have adressed several questions of importance for this paper, where one of the guiding ones will be: Do private funding influence the direction of research? If so: How? In what way? And during which circumstances?

In this paper I will give some tentative answers to these questions. Schematically the relation between trustees and research results will be examined within the context of historically situated university institutions. This way the present paper discusses the tripartite relationship between private funding authorities, the formation of new scientific disciplines, and phases of transformation in the history of universities.

### ***Approach No. 1: Private funding and social science in fin-de-siècle Sweden***

My own entrance into the research area goes through my dissertation work-in-progress - which will be formally brought to an end in October this year -- dealing with the rise of Swedish social science ([www.umu.se/histstud/personal/wisselgren\\_per2.html](http://www.umu.se/histstud/personal/wisselgren_per2.html)). As its empirical point of departure the dissertation, as well as this paper, uses one of the vital actors in the academization process of social science in Sweden, the so-called Lorén Foundation, and its activities during the decades at the turn of the century. Its strategically motivated efforts led, among other things, to the installment of three new chairs in economics and sociology. Together the three chairs could be said to mark the beginning of modern social science in Sweden. Important in this context is the fact that two of these chairs were located at the new private university colleges of Stockholm (founded in 1878) and Gothenburg (founded 1891). As will be argued, I hold this to be significant of the two new knowledge institutions and their roles in the wider contemporary -- slowly transforming -- Swedish academic landscape, traditionally dominated by the universities of Uppsala (founded in 1477) and Lund (founded in 1668). The fact that the third chair was placed in Lund does not disprove this observation, since the long and tricky trajectory of Knut Wicksell, the professor to be in question, well illustrates the academic landscape with its institutional fences and ditches, necessary to overcome before the destination was reached. As a matter of fact, the impact of the Lorén Foundation on the social scientific disciplinary formation has to be understood in the historical context of the transformation of contemporary universities. So to say, it was the changing academic institutions and their search for new roles that defined the wide sphere of action of the Lorén Foundation and its possibility to successfully promote the rise of social science. This way, my dissertation work has brought me in contact with the questions raised above.

### ***Approach No. 2: Private funding and social science in Interwar America***

Departing from the empirical case of the Lorén Foundation, it becomes interesting to follow Platts arguments on funding and research in her study on American social science during the inter- and postwar period. Despite the obvious fact that she is concerned with an other period and national context, she raises principal questions of direct importance for my own research, regarding the connection between funding sources and produced scientific results. In this respect Platt is taking part in the mentioned debate on the role of the Rockefeller foundation in the development of

American social science. She rejects the often heard "conspiracy theory" that the Rockefeller family with its economic power "manipulated" social research in directions favouring their own interests. Instead Platt joins the standpoint of Bulmer (1984), who in a debate with Fisher (1983, 1984) strongly has emphasized the autonomy of foundation officials visavi Rockefeller family interests, and focused on the officials' academic anchoring. Platt goes one step further, in admitting the existence of a conspiracy. It was though not the Rockefellers who infiltrated Academia, rather it was the the academic social scientists, with their shared professional interests, organisations and networks behind the scenes that canalised money down into their own pockets (Platt 1996:175). The arguments of both Bulmer and Platt are empirically well-anchored, and probably they would find theoretical support for their interpretations in the works of Gieryn (1983 and 1995). Important to note in this context, is that their arguments can be said to decrease the role of private funding authorities in the history of science and universities. The source of money remains an important part of the social context of research, but it is not given any decisive importance, at least not if you are primarily interested in the scientific results produced.

Platts interpretations are convincing, but I mean that the last conclusion has to be historically relativised and contextually situated (which Platt herself probably would not protest against). Of vital importance is, which Platt also points out, that the case of American interwar social science constitutes an area of research which was academically established and professionally consolidated. This professional and social formation was decisive for the social scientists in their successful mobilization as a collective actor with shared interests.

### ***The activities of the Lorén Foundation -- historically contextualized***

This was not the case in late 19th century Sweden. There was no established social science, less any professional group of social scientists weld together. Instead the absence of social scientific activity was the basic reason for constituting the Lorén Foundation in 1885. Its founder, Victor Lorén, was a travelled cosmopolit deeply concerned with the social questions discussed during the period. Especially in Germany, where he was attracted by the ideas of the influential so-called *Kathedersocialisten*, he glimpsed a possible solution. The social problems of modern society could be handled only with the help of a new social science. Part of the story is that Lorén also was both a

man of property and badly ill (in pneumonia), the latter making it impossible for him to personally practice social science. For that reason he decided to bequeath his whole fortune to the board of the Lorén Foundation, with the twofold intention "to promote social scientific study and to contribute to the investigation and disentangling of the social question".

During the two decades to come, the Lorén Foundation initiated a broad and intense activity. Large sums of money were given to travel stipends, making it possible for young students to go abroad, motivated by the meagre domestic academic social science milieu; an extensive social science research project was set up, resulting in a series of 17 reports which visualized and articulated the social problems of the nation in a new pregnant way; an unique social scientific library was built up, including relevant international publications (mainly from Germany); international celebrities were invited to give lectures; at Stockholm college university the Foundation funded and arranged the first higher education in economics during more than a decade, efforts leading to the permanent institutionalization of economics in autumn 1902. All in all 30 individuals received grants from the Foundation.

Central to the new social research field was the need for legitimacy and scientific credibility, while the new universities of Stockholm and Gothenburg -- compared to the traditional ones in Uppsala and Lund -- developed in more intimate interaction with civic institutions and private capital (Svensson 1987, Blomqvist 1994, Liedman 1987, Wittrock 1993). In this respect the Lorén Foundation, with its explicit aim of promoting the establishment of social science in Sweden, performed a mediating role as a private and independent actor outside the university system, but with extensive and important social network connections to the same system. Through tactical manoeuvres and the scientific credibility and cultural capital accumulated on its board of directors, of whom two also had central positions in the board of Stockholm university, the Lorén Foundation managed to fulfill its stipulated purpose while at the same time promoting the interests of both the new universities and the new social science.

### ***The role of the Foundation, and its sphere of action***

This way the role of the Lorén Foundation can best be understood as a combined research council and research institute of the embryonic social science in Sweden. As an

early research council, its historical importance is to be understood in the absence of a developed research funding infrastructure. As an autonomous research institute, its wide sphere of action and its influence on the social science discourse, reflects the non-existent social scientific higher education system, which at the same time motivated the ambition of the Foundation to generate such an academic area.

In contrast with the American Rockefeller case, the Swedish Lorén Foundation obviously exerted direct influence on the research projects initiated and the results produced. It was the interests of the Foundation, rather than those of the practising "social scientists", i.e. the holders of scholarships, that defined, designed and coordinated the projects initiated. Usually, it was the individual members of the board who formulated the objects of research, decided which individuals should be considered appropriate -- and which not --, and secured the "scientific" outlook, by giving directions on which research methods to use (sometimes leading to internal methodological controversies between the board and the holders of scholarships) and how the results should be presented. I mean that the relatively low grade of autonomy of the researchers can be interpreted as an expression of their non-existent professional identity and the absent supply of professional higher education.

### ***The formation of a modern research funding infrastructure, and the role of the new university colleges***

The turn of the century was an age of foundations. A contemporary source counted more than 10,000 philanthropic foundations in Sweden (Wittrock 1908). Of those, several were aimed for scientific purposes, the Nobel Institution probably being the most famous today (Crawford 1984). Together the large amount of money accumulated in these fortunes, in different ways came to lay the economic ground for the both social and scientific infrastructure of today's modern Sweden. For the individuals interested in canalizing their social ambitions in a scientific way, a number of foundations were at hand. Beside the Lorén Foundation, the Memory of Lars Hierta Foundation (*Stiftelsen Lars Hiertas Minne*, founded 1878), the donation-fund of C.C. Söderström (founded 1880), the Renström Foundation (*Renströmska fonden*, founded 1869), and the donations of August Röhss 1901, are worth mentioning in this context since they all, through donations to the private university colleges of Stockholm and Gothenburg, made the rise of academic social science economically possible (Odelberg 1981,

Lilliestam 1960). Generally, the two new knowledge institutions were more heavily dependent on private donations than the traditional state-run universities during this period (Lindberg & Nilsson 1996, Bedoire & Thullberg 1978, *Stockholms högskola* 1899).

The flow of money from private foundations to the two new college universities also had ideological aspects, including liberal visions of utility and usefulness in the service of civil society. In this respect the two new urban university colleges differed from the "isolated" country universities of Uppsala and Lund -- these were also transformed during this period, but more slowly -- where the traditional faculty system (categorising social science in the faculty of law) were designed for the purpose of educating civil servants for the state apparatus. When Victor Lorén prepared his testament it is significant that he disliked the traditional universities, for a while planned to donate his fortune to the progressive university institution of Stockholm, but in the end decided to establish an institute-like foundation, which more independently could produce the kind of social scientific knowledge he searched for, i.e. "a popular, but strictly scientific, social knowledge". Significant as well is that the three professors-to-be all hoped for a chair in Stockholm. Wicksell did so, but had to graduate in jurisprudence, that way qualifying for the faculty of law-based chair at Lund (1901); Gustaf Steffen first tried to go to Stockholm, but ended up at the new chair of sociology and economics in Gothenburg (1903); one year later the new Lars Hierta chair of economics was established in Stockholm with Gustav Cassel as holder.

### ***Private initiatives, universities, and the State in 20th century Sweden***

After this institutional foundation period, private funding has continued to finance Swedish social science. Among the private authorities active in the wake of the Lorén Foundation, the role of the Central Association for Social Work (*Centralförbundet för socialt arbete*, CSA) can be used as a complementary case. In 1921, CSA together with the other private and municipal actors, established the School for Social and Municipal Work (*Socialinstitutet*) (Andreen & Boalt 1987). *Socialinstitutet* later became one of the two institutional bases -- the other being the Institute of Social Science at Stockholm university college -- when, in 1926, the American Laura Spelman Rockefeller Memorial (LSRM, later reorganised and integretad with the Rockefeller foundation) granted one of the largest social science research projects initiated in Sweden at that time. The

project received more than 200,000 USD, lasted ten years, resulted in both a new social science building and a series of reports on wages, living costs and national income in Sweden, and included several of Sweden's most prominent economists, among them Gunnar Myrdal and the so-called Stockholm school economists (Craver 1991, Henriksson 1991).

What though is interesting to note in this case is that the LSRM/ Rockefeller foundation did not intervene in the scientific research process, nor did CSA in the activities of the *Socialinstitutet*, in the way that the Lorén Foundation had done at the turn of the century. Another difference of relevance is that the social scientists, especially the corps of economists, now considerably had increased and appeared as an academic group with professional interests. This means that Platts interpretation on the role of Rockefeller foundation within the American social science discourse, seems applicable on the contemporary Swedish case, but not on the case of Swedish fin-de-siècle social science.

In 1954 and 1960, respectively, the private university colleges of Gothenburg and Stockholm were incorporated within the ordinary state-run Swedish higher education system. These events mark the beginning of a new era in the history of universities, as well as in the formation of modern research policy. Relevant for the latter is the contemporarily established research councils (one for each research area, i.e. one medical, one technical, one natural scientific and one for the humanities and social sciences, and so on) (Nybom 1997). At that time a more extended research funding infrastructure had developed, considerably narrowing -- though far from totally superseding -- the sphere of action of private funding initiatives. Private foundations have continued to play an important role in the funding of social science research ever since, but hardly such a decisive one as in the early days of Swedish social science.

### ***Conclusion***

Private funding has generally played a more important role in the Swedish state-run university system than is usually presumed -- both in the founding processes of the new universities and in the developmental processes of new research areas. Accordingly, throughout its modern history Swedish social science has been heavily dependent on private funds emanating from e.g. the Lorén Foundation, and subsequently, foreign

funding programmes such as the Rockefeller Foundation, just to name two of the ones dealt with here. All have contributed to the development of the disciplines of social science.

The more specific roles of the foundations have though varied, depending on the historical and institutional setting, as well as their different aims and styles of action. A tentative statement based upon these historical experiences might be that the role, function, and sphere of action of private initiatives and actors are especially efficient during phases of transformation, i.e. disciplinary transformations (when a new field of research is formed, when an old discipline fragments into sub-fields or changes cognitive direction), as well as in the transformation of knowledge institutions (phases of founding, development and/or expansion).

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