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# Philanthropy and collectivism – grangiving foundations in Norway

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## Introduction

In Norway, *voluntary sector* has tended to be the preferred term to describe the multitude of organizations between state and market. Originally a legacy of British philanthropy, it was coined to designate civic and individual efforts for the poor and excluded, in contrast to collective and compulsory initiatives of the state (Gladstone 1979). As such, it has spawned the impression that the voluntary, member-based and democratically organized association was the ideal way of organizing civic interests. It was not until the international breakthrough of *civil society* in the early 1990s that this somewhat unbalanced perspective was questioned. As a sector term, 'civil society' encompasses several other ownership forms than the voluntary association, among them political parties, cooperatives and *foundations*.

Basically, *foundation* as a concept is, in Norway as in the rest of Europe, a legal construction. A legally defined ownership form, characterized by a high degree of autonomy in relation to external interests such as 'state' and 'market'. Its basic idea is one of *self-ownership*: the foundation owns itself, or, to put it more precisely, the legal construction aims at realizing the donors' original intentions and protecting assets from diverging interests, outsiders or government or market pressure. In their promotion of the donor's individual and private will, foundations can be regarded the civic counterparts of member-based, democratic association, where the *collective will* rules.

In the international literature, the original deeds of foundations are most often related to philanthropically minded citizens, and several authors describe the foundation primarily as a tool for individuals or corporate, civic actors to do something good, primarily within the civic sphere, i.e. in cultural, social, environmental, research and similar areas. As a result, the legal definition of a foundation came to incorporate certain societal attributes, including a capacity to innovate (Anheier and Leat 2002); an ability to act independently of external interests; to express 'social responsibility' (Wössner 1997); to redistribute or to express pluralism (Prewitt 1999). There are, however, good reasons to keep legal definitions and societal properties apart,

one being that foundations' pursuit of such positive aims is more an empirical issue than a matter of definition.

Another is related to the fact that foundation – as a legal form during the last 30–40 years has turned into an instrument of public authorities as well as collective, civic actors. New foundations have been established by national and local authorities, at times in cooperation with civic and/or market actors. In such cases one may, somewhat metaphorically, say that the nation-state acts as a donor with the intention of securing a permanent engagement in this or that, freed from day-to-day politics and the influence of external actors. But the question is whether the nation-state as donor acts like civic donors. Or, put differently, do state-initiated foundations promote interests similar to those of civic origins?

Questions like this indicate that foundations – like other civic ownership forms – should be analyzed in terms of their historic, cultural and legal *contexts*. Despite sharing a common legal form, national constraints and normative perceptions of them will vary. While a common legal form may be related to different interests, these interests are not an integrated part of the legal form. The role and structure of foundations vary between states, political climate and historical phases. Different groups may at different points in time see the foundation as a suitable vehicle to further their own interests.

This article aims first at presenting a general picture of the situation of foundations in Norway, including their history and present roles and functions in the civic sphere. The main focus is on *grantgiving foundations*, the activities of which most often are financed by returns on their basic capital, and they are not dependent on income from sales, business transactions or grants from public authorities. To ensure a complete picture, however, other types of foundations are included as well. The main empirical material is made up of a selected number of case-studies of which grantgiving foundations constitute the main category. In addition to classical, philanthropic organizations, recent hybrid types are also represented.

Second, the article sets out the Norwegian results of a comparative study of foundations in Europe. The comparative approach is a good opportunity to investigate the blurring of foundations as legal form and as carriers of normative properties. Moving from central Europe to its northern outskirts gives an opportunity to illustrate this. In Norway, a nation dominated by social-democratic ideologies for more than 50 years, the role of the state as provider of welfare has dominated at the expense of civic welfare providers. But the relatively marginal role of foundations is also caused by historic and economic conditions, plus a general absence of private fortunes and an entrenched tradition for setting up foundations.

In Norway, social science has shown little interest in the foundation as an object of study. Research has tended to concentrate within historic and legal studies, but also there, contributions have been few. In addition, official

statistics are incomplete and only give a vague impression of the size and structure of the sector. Secondary sources are few and far between.

But the foundation as a legal form has been rising over the last twenty years. The driving forces here can be related to three trends:

First, the neo-liberal economy, that had its international breakthrough around 1980, resulted in a general trend towards the *decoupling* of state services from political influence and control. In this process, the foundation was perceived a suitable tool for institutions and activities in need of relative autonomy. Research activities represent one example of the type of institution requiring public financing while maintaining scientific autonomy. In order to create greater distance to political influence, several institutions were reorganized as foundations, though, as we shall see below, this also created several problems.

A second trend can be related to the ongoing transformation of a hierarchical welfare state into one dominated by horizontal networks. This emerging structure creates new alliances and calls for new ways of coordination between actors that formally are independent of each other, but who want to work together for a common goal. In such cases, the legal form of foundation has turned out to be very apposite, creating structures that secured equality while curbing the direct influence of external actors. The emerging role of foundations as an instrument of coordination is not well described in the literature, and is quite different from those of the era of 'classical' philanthropy.

The third trend to be mentioned here concerns the historical importance of *collective economy* in Norway. The period between 1920 and 1970 was dominated by the Labor movement and ideas of collective ways of organizing production, distribution and consumption. Historically, ideas of collective production can be traced back to the so-called *Rochdale principles* which originated in England in 1844, as a labor-controlled alternative to capitalistic modes of production (Pateman 1970). In agriculture, housing, fisheries, and among consumers, forms of collective ownership and a corresponding collective economy based on democratic principles thrived. That is, until 1970, when interest in these structural forms stagnated. Over the next 30 years, the old and well-established cooperatives gradually lost their pull and influence (NOU 1988:17). Today, cooperatives and saving banks are increasingly challenged by market forces requiring restructuring and increased efficiency. Several of them have been reorganized as joint-stock companies (Norw.: *aksjeselskap*). But parts of the collective capital that was aggregated during the life of the organization were drawn out of the joint-stock company and set aside in a foundation. The 'marketization' of the collective economy has, somewhat paradoxically, therefore also resulted in a whole new set of nonprofit actors in the form of foundations.

In Norway, grantgiving foundations do not share a common understanding of neither their purpose, role or function in society. In our case studies, we found no evidence of shared philanthropic, religious, liberal or other ideological precepts. For many, opting for the foundation as the legal form had opportunistic, rather than ideological motives. Instead of being part of the family of foundations, they all exhibited ties to a market sector, the wider culture, public policies or a geographic community.

Low, or absent correspondence between foundations and normative values like innovation, flexibility and pluralism calls for a closer inspection of the *raison d'être* of different types of foundation. In Britain, the existing legal form of foundation is characterized as a nineteenth-century creation (Anheier and Leat 2002). This is probably true also of Norway. But this fact has not prevented interests very different of those of the early industrial capitalists to put the foundation form to use for their purposes. This chapter will show that in the combination of flexibility, autonomy and vertical coordination required by post-industrial society, the old-fashioned foundation turns out to be a highly advantageous form of ownership.



## Background

### Concepts

Foundation is one of several ownership types in civil society, comprising activities that take place in the interstices between the state, market and family. In Norway, as in many other European countries, the term *voluntary sector* has, as mentioned, been the preferred term to describe civic activities during the last 50 years. Within this voluntary sector, the membership-based *association* (Norw.: *forening*, a word which originates from the German *Vereinung*) has been the core unit. Foundations were not included in the voluntary sector; most often they were regarded a type of 'private' ownership, together with limited companies and other forprofit ownership forms.

The main reason for this was that the most important criterion for classification as 'voluntary' was *democratic governance*. The absence of democratic control of foundations has ideologically placed them in a no-man's land, somewhere between the domestic sphere and the market, at some distance from the popular movements with close relations to the social democratic regime.

The neo-liberalism of the 1980s resulted in a new way of categorizing civic activities, namely as *nonprofit* units. The nonprofit perspective has influenced social democratic ideology in many European countries, also in Norway, and has brought foundations into the civic sphere. The main focus here concerned the economic properties of foundations, particularly their ability to act independently of external interests. In a welfare state with long traditions of government influence and control, foundations came gradually to be perceived as a means to achieve a necessary level of independence and autonomy and keep up the legitimacy of a public service.

A renewed interest in foundations accompanied the resurgence of *civil society* in the 1990s. The breakdown of totalitarian communist regimes in eastern Europe gave independent structures which mediated between the individual and the state, also in western welfare states, a new look. Here,

foundations were perceived as reflecting *civic engagement*, private vision converted into public action by means of a particular ownership construction.

It happens frequently in Norway that ideas that originate from other countries are ‘contextualized’ before being more widely applied in society. In our case, liberal Anglo-American ideas were not transplanted in their pristine, original form, but adapted to national political traditions. Here it is important to note the strong tradition of *collective solutions* in the Norwegian society. The new wave of liberalist-inspired welfare solutions in the 1980s and 90s absorbed healthy doses of the old collectivism. This was also true of the concurrent resurgence of interest in the role of the *foundation*. In the Anglo-American context, interest in foundations has tended to centre on the philanthropic motives of wealthy individuals. In Norway, this type of civic engagement has, as mentioned, been weak. The neo-liberal era created a need for looser bonds between government and welfare activities, and government-created foundations with welfare purposes was perceived as a solution.

This renewed interest in foundations did not lead many individuals to set up new foundations. Instead, the foundation, as a civic ownership form, facilitated new types of collective solutions, existing in the grey area between state and civil society. Here lies the main argument of this report: as a legal form, foundations are adapted to national culture and traditions, and given a purpose in harmony with this environment. As for Norway, the question is how these adaptations came about.

## Historical traits

In order to understand why civic engagement took the form of the foundation, some insight in history, culture and political conditions is needed. In Norway, voluntary, membership-based associations dominated civil society for many decades. The role of the foundation as source of economic resources for civic purposes has been modest and can be explained as a result of political history, class struggle and cultural conditions.

A bird’s eye view of civil society in Norway reveals a long-standing tradition of comprehensive civic engagement. In 1998, membership in voluntary associations was approximately 8.4 million, which comes out at almost two per inhabitant. Compared with other countries, the level of voluntary work in Norway is among the highest in Europe, at 26 person-years per thousand inhabitants, compared to an average of 20 for seven countries within the European Union. About half of the population devotes time to voluntary purposes every year. Sports, cultural activities and social services attract the highest contributions, measured in members and voluntary input, measured in hours. Most often, relations between local and national branches

are regulated by democratic procedures. The number of paid staff is smaller than the EU average, indicating a more amateur, less professional engagement than in many other countries (Sivesind, Lorentzen, Selle and Wollebæk 2002). Historically, financial support for voluntary associations and other civic actors has come in the form of grass-root activities, that is, lotteries and other collective, income-bringing enterprise, subscription fees, and, during the last 40 years, government support. Data show that, compared to other European countries, the relative share of public support is modest, 35.2 per cent in Norway, as compared to 54.8 percent in seven EU countries.<sup>1</sup>

The broad picture of strong local civic engagement reflects the geography and history of Norway, a long, narrow country with a mountainous coastline. Less than 3 percent of the land surface is arable. The economy relies heavily on oil, gas, and fishing, along with aluminum and other industries based on hydroelectricity. Before the 1960s, when oil resources were discovered in the North Sea, Norway was a relatively poor nation, rich on natural resources, but with a weak industrial sector and relatively modest standards of living. In 1997, the population of about 4.4 million people was spread among 19 counties and 435 municipalities. Approximately one third of the population live in the south-eastern region around the capital of Oslo.

In a European context, Norway is a young nation-state, subject as it was to Danish rule for 400 years. In 1814, a personal union with Sweden was declared, under which Norway enjoyed extensive autonomy and a constitution of its own. In 1905, Norway achieved full independence from Sweden and emerged as a constitutional and hereditary monarchy. Norway is a member of NATO, but (still) not of the European Union. Legislative power is held by the parliament (the *Storting*) with 165 members, elected for four-year terms.

Although some community associations can trace their origins back to the sixteenth century, the first real period of expansion was between 1820 and 1840. The early savings banks with social and philanthropic ambitions were established in 1823. They were concerned with the needs of the elderly and infirm, but also promoted saving and alcohol moderation in an effort to reduce alcohol abuse (Raaum 1988). Here, ideology, economy and social work were closely connected. Other types of economic cooperation are part of the early history of associations in Norway. During the 1840s, insurance and cooperative funds were established in several cities. In 1865, the first consumer cooperatives were founded in Oslo, and, by 1872, 276 consumer cooperatives were up and running. But in general, activities on the organizational front prior to the 1820s have been described as “bleak and paltry” (Seip 1981:49).

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1. Austria, Finland, France, Germany Ireland, Netherlands and UK (Sivesind 2002).

The broad social movements emerging between 1840 and 1870 constitute the backbone of the voluntary sector in Norway. Pursuing cultural, political and religious causes, they engaged large parts of the population in their work to disseminate their ideals. During most of the century, ideology, economy and social work remained closely associated in these movements. Later, these broad and loosely organized movements would achieve greater levels of formalization and differentiation, on the one side as political parties, on the other as national voluntary associations, though they retained a common value-base or ideology. In the 1880s, tensions between the Swedish-appointed government and the Norwegian parliament reached breaking point, and was resolved only with the forced resignation of the government. With this, Parliament as a body and parliamentarism as a principle of government gained precedence in Norway not only in the sphere of politics, but throughout wider civil society. The enduring and strong ideals of democratic governance have their origins here, ideals that also influenced the structure and organization of the foundation and foundation-like institutions. Throughout the twentieth century, though, the once powerful political and ideological ties between the mother-parties and their associations gradually weakened; by the end of the century, only fragments of this structure remained.

After World War II, the emergence of the modern welfare state heralded a shift in the history of civic engagement. While associations in Britain and the United States gradually developed a collective identity as a moral force outside, and partly in opposition to state welfare, associations in Norway did not conceive of themselves as constituting a political power in their own right, or, indeed, as sphere separate from the ‘state’ or ‘market’. Nor did they see their welfare provisions in distinction to those provided by the public authorities. The social-democratic regime helped transform voluntary associations into *interest groups*, whose main function was to lay their members’ demands before the state, in the hope of getting them translated into welfare services. By accepting this political/ideological view of themselves, the voluntary sector took on a role as a provider of premises rather than services.

One may ask why civic actors in Norway – voluntary associations, grantgiving foundations, religious groups and others failed to carve out a role of their own. Comparing Norway and Britain may help us answer this. In *Britain*, philanthropy during the first phases of industrialism gained strength and power from the patronage of the nobility, merchants and burgeoning urban middle classes (Owen 1964). Norway did not have a strong middle class with sufficient self-awareness to pursue such ideas (Seip 1984). Neither did the Protestant church, the religion of the state, to which more than 95 percent of the population belonged, have any collective objections to a state welfare engagement that set value-based services of congregations and communities aside (Lorentzen 1994).

In the social democratic welfare model that emerged after the Second World War, civic engagement had no particular role. It was, in a way, lost from view during this phase, which was characterized by the rapid expansion of public welfare. While Beveridge and Wells (1949) paved the way for volunteerism in the modern British welfare arrangement, no such role was given to voluntary efforts, either in Norway or in any of the other Nordic welfare arrangements. In Norway, lack of economic resources of civil associations prompted labor-intensive engagement; people gave of their time rather than their money to reach common goals. Where individual responsibility for religious and ethical norms was emphasized in the philanthropic tradition, subordination to, and solidarity with the movement were stressed by the Nordic movements. The spirit of collective responsibility, particularly as it was practiced by the labor movement, did not favor foundations as a manifestation of civic engagement.

The weakness of these liberal inclinations can be related to the ideology of *solidarity*, which later came to dominate the Nordic welfare model. Originally a concept of the French *solidarité* movement, it was picked up by labor parties all over Europe and introduced as a means of securing political support from groups outside the labor movement (i.e., peasants, fishermen and urban middle classes). It grew later into an ideology of *collectivism*, an expression of a willingness to share the benefits as well as the burdens. In 1918, the Norwegian Labor Party was one of the first parties in Europe to incorporate the term in their program (Stjernø 2002).

In the twentieth century, ideas of solidarity and collectivism formed the most important ideological cornerstones of Norwegian society. As the ideals of the labor movement gradually permeated throughout the state apparatus, the ideals of social democratic welfare policies based on state-financing, redistribution of wealth and universal social insurance were disconnected from the narrower political context and became self-evident or 'natural'. Weak or absent political opposition was one of the reasons why this ideology had such penetrating force. As a consequence, the ideas and practical initiatives of philanthropic and charitable organizations were relegated to a back seat and even condemned as attempts to cushion the effects of a suppressive capitalism. It was particularly in the subsector of public welfare these trends grew in strength. As mentioned, the welfare state regarded civil actors as agents of *special interests*, whose primary goal was to ensure that government was aware of the needs of their constituency, in the hope that appropriate public services would be put in place to rectify the situation (Lorentzen 1994).

The golden age of collectivism, solidarity and redistribution of wealth by the state came to an end in the 1980s. A precondition for the triumph of neo-liberal thinking was precisely the success of social democracy, which had improved standards of living for the majority. Its success paved the way for

more differentiated needs, and differentiated services which undermined the collective welfare solutions. One could say that the success of the social democratic welfare model laid the ground for its subsequent demise.

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## The history of foundations

In many countries, the historic origins of today's foundations can be traced back to what we can broadly label *liberal* ideas, understood as the ideological context for interplay between private capital and civic responsibilities. In England, urban middle classes formed philanthropic organizations to address the needs of the poor as industrialism gained speed and poverty spread. These efforts expressed a civic spirit that still is strong (MacAdam 1934, Mess 1948, Luxton 1990). Large foundations in the United States came about as the result of large private fortunes made in the early phase of industrial capitalism (Hall 1992). Merchant classes, industrial capitalists and urban middle classes historically were among the most active supporters of the foundation as a vehicle for forwarding their interests and civic engagement.

But the history of foundations has deeper roots than industrial capitalism. In Norway, foundations can be traced back to the power struggle between the king and the Church in the thirteenth Century. Archbishop Jon had established a hospital for the poor in the town of Trondheim. However, the building of the hospital took place without the king's permission, and several years later its ownership was contested. Ultimately the king chose to abandon his claim to the property in order to avoid a confrontation with the Church. He promulgated in 1277 a royal decree in which he donated the property not to the Church as such, but to 'Friends of God' in the hospital. Property rights therefore came to belong to whoever ran the hospital (Grankvist 1982). This particular hospital is regarded as the first foundation in Norway.

Other monasteries and hospitals were subsequently established, particularly in the fifteenth century. They were regarded as belonging to the Church and were accordingly ruled by Church law. During the Reformation these properties came under the jurisdiction of the king, a move which would later create some confusion about right of ownership. The hospitals continued their work through statutes established by the king and gained status as 'public foundations'.

In the years between 1500 and 1900, the number of foundations increased, particularly in the larger towns. The city of *Bergen*, situated on the west coast of Norway, traded extensively trade with towns in Germany, Holland and

England. As in England, merchants accumulated private capital, some of which was channeled into public foundations. In 1774, their achievements were celebrated in a book, *Foundations and Gift-letters in the Bishopric of Bergen*, a historical summary of foundations in Bergen. The author opens with the following sentence (in my translation):

The citizens of Bergen have always, and at all times, of a voluntary heart and with a cheerful and generous hand, contributed to useful purposes, particularly when the honor of God is advanced, and the needs of the poor relieved!  
(Frimann 1774: 1).

Here, the oldest documented foundation, a poor house for seafarers, is traced back to 1571. The assets originated from a man who, convicted for manslaughter, was forced to donate a large sum of money for poor relief as part of his sentence. The oldest registered legacy was established in 1638, though Frimann (1774) states that legacies as such have a longer history, the evidence of which is destroyed, he notes, by innumerable fires.

Most of the early Bergen foundations were poor houses, hospitals or homes for elderly people. The grants of some took the form of pensions. They included housing, a small amount of money per month and a specified quantity of firewood. Some foundations were independent, but many were administered by the local congregation. Around 1600, Bergen was a free town, open to seafarers and travelers from many countries, particularly England, Germany and the Netherlands. The town was part of the Hanseatic league enabling extensive trade with other countries. It also gave rise to social problems, and charity had to reach more than the city's own citizens. Thus, foundations transcended the communitarian spirit where kinship and heritage marked the boundaries of mutual help.

The *oversight* of foundations became a public task around 1650. The task of the *Legacy Inspection* (legatinspeksjonen) was to inspect and check the accounts to prevent private misuse of the assets. The Legacy Inspection remained the responsibility of central government until 1922, when it was transferred to the chief officer of the municipality.

During the eighteenth century, as a result of a growing middle class, a large number of *legacies* were established in urban areas. Most often they provided some economic support for vulnerable groups, for the education of individuals, or simply for basic necessities of the daily life. The basic capital of these foundations was small and their objectives were usually restricted to helping 'needy' inhabitants of one community or parish, or one occupational group, more reflective of good intentions and civic spirit than societal wealth (Backe and Krøvel 1940). One example can illustrate this. The legacy of a factory owner was intended for *dignified needy men of the conditioned classes in Oslo, who have seen better days and due to illness, age or accidents at*



*work lack the ability to achieve a livelihood that corresponds to their social position in society* (Backe and Krøvel 1940:53). Here, the sense of solidarity of the donor went out to members of his own social class, who through no fault of their own had ended in poverty. It reflects an important division in philanthropy between the deserving and undeserving poor – a distinction repeated in the way responsibilities were divided between the state and civil or philanthropic society, in England as well as in Norway.

National statistics of early foundations do not exist. But Legacy Inspections in larger cities did now and then count and classify the legacies and foundations, and their figures give a rough impression of magnitude and purpose.

With this reservation in mind, we see that an influential church, a wealthy class of merchants and citizens and strong urban cultures, important preconditions for an active foundation sector, were weak or absent. There was little private wealth, towns were small and mostly poor, at least compared to other European countries. But early mercantilism made fortunes in cities like Bergen and Trondheim, and it is here we can trace the oldest foundations and ‘gift-letters’. The industrialization of the nineteenth century did not produce a new, influential class of wealthy capitalists. And those who were well off seemed to lack the right kind of civic spirit (Rudeng 2000:228).

The years between the First and Second World Wars brought some changes to this somewhat depressing picture, when large profits from *shipping* resulted in large, private fortunes in several of the smaller cities along the coast. Antarctic whaling and tank and dry cargo transport created a new class of internationally oriented shipowners while land-based industry yielded new fortunes in this period, particularly in the city of Oslo. These nouveau riches were very generous in their patronage of culture in particular. Their ideological frame of reference – if one may use such an expression – seems to have been the *city* rather than social class or nation.

The neo-liberal period that started around 1980 brought about changes in the views of civil actors like voluntary associations, foundations, cooperatives, self-help groups and others. Theoretically, the *nonprofit approach* focused on the economy of civic actors like foundations and associations (Hansmann 1987, James 1989). In the Nordic context, neo-liberal impulses also initiated a discussion of the role and importance of *ownership*. From this perspective the foundation was seen as particularly attractive to the process of deregulation: untying the bonds between the state and its activities. The result was a growth in the number of what may, somewhat paradoxically, be labeled *government foundations* that were meant to act independently of the state, but remain nevertheless dependent on public funding.

Unfortunately, the lack of historical statistics makes it impossible to gain a rounded picture of the situation of the foundation in Norway. It is only in recent years that newly founded foundations have been obliged to enter

records in a public register (*Enhetsregisteret*), something which early foundations escaped. Thus the data presented here should be treated with caution.

A national study from 1939 described 6,094 legacies and foundations in Norway (Backe and Krøvel 1940). In 1944 *Bergen* had approximately 700 legacies and foundations, of which 57 were founded before 1800. 142 of these were engaged in poor relief for specific target groups: traders and merchants (33); sailors and seafarers (47); widows(31); disabled (9); schools and pupils (22). This picture reflects the sense of civic responsibility of the pre-industrial well-to-do for the elderly and poor, sentiments that were mainly anchored in Christian humanitarianism and charity among the urban middle classes. In the countryside this kind of charity was weak or absent. In 1975, approximately 6,000 official foundations were registered at the Ministry of Social Affairs, with total assets of between NOK 500 and 600 million (€62 to 75 million). In 1997, a total of 9330 foundations were registered, of which 929 were commercial foundations. 23,731 individuals were employed in these foundations. Little is known about the properties they administered.

In Norway, the National Court of Protection administers a considerable proportion of the foundations and legacies. In 1968, approximately 30 percent of their assets amounting to NOK 150 mill. (€19 million) came from official legacies and foundations. Of this amount, NOK 96 mill. or 64 percent was administered by the Court of Protection in Oslo and the neighboring Akershus county authorities alone (NOU 1975:63, p. 10) .

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## Legal issues

The Norwegian Constitution of 1814 referred to foundations and legacies in two paragraphs. Paragraph 106 states that foundation property may be used only in accordance with a foundation's stated intentions. Paragraph 108, which prohibits hereditary family properties, reflects the opposition of the peasantry and common people to the nobility and upper classes after almost 400 years under the Danish crown. It also echoes the influence of the French Revolution and the French Constitution. Until 1917, the majority of legacies was administered by a magistrate, who represented the state in all larger towns. Later, management was handed over to various local authorities such as the chief of police, mayor, city treasurer or county court judge. After World War II, legacies and foundations have been administered and controlled by the regional commissioner (*fylkesmann*) as the local representative of the state.

The Norwegian legislation on foundations is of rather new date. *Stiftelsesloven* (Act on Foundations) the first legislation on the subject of foundations, is dated May 12 1980. Before this date, practice relied on the courts, legal profession and administrative regulations. In 2001, *Stortinget* – the national Parliament – passed a new law on foundations (Act of 15 June 2001, no. 59). Here, a foundation is, in my translation, defined like this:

By *foundation* is understood an asset that by testament, gift or another legal disposition is placed at the disposal for a specific purpose of ideal, humanitarian, cultural, social, educational, economic or other kind. A legal construction that fulfils the conditions in the first sentence is, according to this law, a foundation, independent of its designation as a legacy, institution, fund or other.

Crucially, this definition states that a foundation is an entity that has its legal base in a disposition, by which an object of economic value is placed at the independent disposal of a legal subject for a defined purpose. A legal subject that fulfills these requirements constitutes a foundation, whether it is called a legacy, an institution, or anything else. (Woxholt 1998, *Stiftelsesloven* paragraph 2). A key element here is the *requirement of independence*, stating

that no individual, legal entity or interest outside the foundation is allowed any legal rights or power to influence the foundation and its management. Here, the autonomy of the object of economic value is underlined. Legally, the asset must be of some permanence, a requirement that excludes time-limited arrangements and assets for ad-hoc purposes. The purpose and the activities of foundations are not limited in time. This requirement was highlighted in the 1980 legislation, which made the altering of foundation objectives very difficult. It also excludes activities such as mass meetings and campaigns or money collected for a special purpose such as aid to earthquake victims, which are not part of the on-going activities.

One intention of this law was to improve public control of private, family-related foundations. The most important reform proposal here was to establish a new public *register* of foundations. The costs of establishing such a register should be carried by the foundations themselves. This proposal raised strong resistance among foundations, who argued that present forms of control by the regional commissioner worked well, and had no need of bureaucratic revisions. When the bill was reviewed by the Parliament Committee, minority representatives dissented on both these proposals. Today, (2003) the act, has been passed by parliament, differences about the new register and its costs continue to delay its implementation.

According to the law, all foundations must have a *board*, whose decisions and dispositions shall be independent of influence of individuals, legal entities or other interests outside the foundation. There is, however, considerable doubt as to the scope of this paragraph, and to the type of external influence that could be said to contravene this provision.

The criteria of independence are usually assumed to exclude foundations having internal *members*, or to establish formal relations between an external membership and the foundation. Still, such relations exist. In our sample, the *Health and Rehabilitation Foundations* have 22 organizational members, with a right for the largest ones to appoint members to the board of the foundation. Whether this construction is legal or not seems to be a question of the autonomy of the board, and the right of members to instruct their representatives. In this case, the rules of the foundation state that the board stands above the members. Still, it is undecided whether foundations can have members. There is a great deal of confusion between the ideal foundation criteria as stated in the law, and what we could call *institutional practice*, i.e., ways foundations and foundation-like organizations perceive themselves and form their practices. I will return to these problems later.

The Foundation Act of 1980 draws a distinction between *private* and *public* foundations. A public foundation is approved and supervised by the public authorities; all other foundations are classified as 'private'. In the Act of 1980, application for status as public foundation was voluntary – it was up to the foundation itself to submit itself to public control. The result was a

large number of foundation-like bodies, occupying a legal area in between associations, public institutions and foundations.

In the proposal for a new law, the distinction between public and private foundations is abolished in light of the perceived need for a stricter public control of all types of foundations, not only those which voluntarily submit themselves to public registration. Another intention is to get rid of the somewhat confusing name *public foundation* (*offentlig stiftelse*), which covers foundations subject to public control, but not those funded by public authorities.

The new law also distinguishes between *corporate* (*næringsdrivende*) foundations and *general* (*alminnelige*) ones, the latter including in practice all non-corporate foundations. For operating foundations, the original asset shall amount to no less than NOK 200,000, (approximately € 25,000); all other foundations require only half this amount. This requirement has no retrospective force, and does not include older foundations.

The bill also stresses that the right to establish foundations should continue to be free and unrestricted. Family foundations should not be prohibited, but the autonomy of the board in relation to the founder and his/her family is reiterated. A requirement that the foundation fulfill certain public purposes shall not limit the right to free establishment of foundations.

The bill's prolegomena note the need for improved control of grantgiving foundations. Less is said about the positive functions of foundations, or their role or function in modern societies. Nor is there any reference to other nations' regulations in this field. The bill reflects dominating political attitudes towards foundations during a period in which several foundations were prosecuted for misuse of donations.

The definition referred above makes it clear that whether an asset is covered by the law or not does not depend on what it is called. This means that bodies that are labeled foundations do not necessarily fall within the legal frame. One illustrative example is the *Government Petroleum Fund*, established by parliament in 1990, to oversee the investment of the government's oil revenues. In 2003, the Fund's portfolio totaled approximately NOK 800 billion (roughly € 100 billion). The recently established *National Research Fund* belongs here, too. In 2002, The Research Fund had assets of NOK 13 bill (€ 1,6 bill) and distributed grants for NOK 780 mill (€ 97 mill) in 2002. Funds like these are not covered by the law since there is no 'legal disposition' that places the asset outside political control.

## State-controlled foundations

During the last twenty years the number of foundations has grown. Some of them were founded by public authorities wishing to remove certain government responsibilities or interests from political control. In 1998, 240 foundations with some kind of relation to government authorities were registered (Statskonsult 1998), 65 (or 27 per cent) of which were private schools or research institutions, symphony orchestras, museums or coordinating organs between state and civil society. In 70 cases, government departments could appoint board members, and in approximately 60, departments had a right to approve changes to the rules of the foundation. Many were also heavily dependent upon public financing.

In a 1998 report, the Auditor General suggested that controlling the goal-setting of public foundations may be in conflict with the basic requirements for autonomy and self-regulation referred to in the Act on Foundations (Riksrevisjonen 1998:99). The *active ownership* of public authorities may hence undermine the autonomy of the foundation. The state's right to spend public money in accordance with public and political goals may clash with foundations' legally instituted right to pursue their own goals, as enacted in 1980. This dilemma was also aired in several other reports. The result seems to have been a greater reluctance use foundations for governmental purposes (Statskonsult 1998, NOU 1998:7, Riksrevisjonen 1998–99:3). The fact that government regulation of foundations' budgets may be illegal has led to a use of *joint stock* as a more adequate ownership form when the combination of autonomy and control is sought for.

Since the 1980 Act remains in force, the distinction between private and public foundation also remains in place. As mentioned, private foundations are not subject to public registration, and do not have to meet the formal criteria required of public foundations. Consequently, one can observe a large number of entities that look like, or present themselves as, foundations, but where only a court process could decide where they belong. Since this is not a legal but a social science study, such considerations will not be pursued here. One 'grey-area' foundation is included in this study to help shed light on the considerations and intentions that motivate organizational shapes.

In March 2003, a national association of grantgiving foundations was founded with the purpose of promoting the interests of members, particularly vis-à-vis national, lawmaking authorities. The background for this initiative was the new 2002 Act on Foundations (NOU 1998:7 *Om stiftelser*), a main intention of which, as expressed in Act's preparatory works, is to prevent misuse of foundations for personal gain. To this end, a new *foundation register was proposed* which could be expanded to cover all types of foundations. This proposal met with resistance, but not by any concerted action from foundation sector, probably because the sector lacks a coherent

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mouthpiece. One prime ambition of the new organizations was to function as a common voice in legal matters. When funded, relatively few of the assumed 40 to 50 larger grantgiving foundations became members of the new umbrella association. One reason was the above mentioned particularism, and general lack of identification with other foundations.





## Grantgiving foundations

Grantgiving foundations represent a relative small proportion of all foundations in Norway, the total number of which amounts to about 3,000. Large proportions are legacies with relatively limited endowments and grants. There are supposed to about 50 foundations with assets of NOK 100 mill or more (€13 mill) – though it is impossible to give a precise number because there are no statistics. As a consequence, the landscape of foundations is easy to overview, and we feel sure that the sample selection that is done here, cover the largest and most influential foundations.

Data below are based on interviews and in-depth studies of 28 foundations – 13 in the ordinary sample and 15 in a sub-sample of community foundations. All foundations in the main categories (grantgiving, operative and ‘mixed’) have identifiable and separate assets. There is one exception, however, where surplus from an ongoing lottery is more or less directly distributed as grants. They all have an administration of their own.

In Norway there is a high correlation between the size of the endowment and administrative resources of the foundation. Only 2–3 percent of all legacies and foundations are actually large enough to sustain their own managements and handle political, distributive and strategic matters. Most managements are relatively modest with assets of NOK 1 bill (€130 mill. ). In one such foundation, for example, a staff of two and a half handled, around 400 applications per year.

### Empirical profile

Foundations differ in size and orientation, according to their purpose and primary field of activity. It is very difficult to obtain a full picture of the present purpose of foundations in Norway. Statistics Norway classifies foundations according to industry, but these categories do not correspond very well to the stated purpose of foundations. Nor are all foundations registered

*Table 1: Grantgiving legacies and foundations: numbers and grants, 1998.  
€ 1000*

Purpose	Number	%	Grants	%
Culture and recreation	153	5	160	2
Education and Research	616	21	1631	21
Health	28	1	4	<1
Social services	1286	43	4281	56
Environment	81	3	30	<1
Development and Housing	25	1	50	<1
Advocacy, supporting employees	182	6	226	3
Not elsewhere classified	618	20	1268	17
Total	2989	100	7650	100

Source: Statistics Norway 1998

and included in official statistics. But the distinction between commercial and non-commercial foundations is reflected in official statistics.

Table 1 presents the size of non-commercial foundations in Norway. It seems that approximately one-third of all present foundations fall into categories 1 and 2 (common purpose, and ideal/service producing types), while the rest have commercial purposes. In 1998, the average grant per foundation was NOK 204,000 (approximately € 26,000). More than 40 percent of all foundations concentrated on social service activities. The second largest activity, comprising approximately one-fifth of all foundations, was education and research. The table shows that grant-giving foundations play a modest role in the Norwegian society, for the reasons stated above.

*Social service foundations.* Table 1 shows that 43 percent of all foundations (and 56 percent of all grants) in Norway belong to the *social service* category, indicating that ‘social’ activities are the most important category for grantgiving foundations. The border between the ‘social’ and the educational category is floating. One example illustrates this. the Mr. and Mrs. Jens Marstrander’s Endowment aims at providing school fees ‘... for boys and girls between 10 and 17 years, whose parents are deceased or poor’.

Many of these endowments were established before 1940, mainly by deed of the urban middle classes. Particularly in cities on the west coast of Norway, where shipping and trade dominated and fortunes were made, legacies expressed feelings of social responsibility. Between 1860 and the outbreak of the First World War, religious-philanthropic sentiments were strong, and many new legacies were established. Something similar occurs in rural areas and among those not so well off where we can find early, very modest legacies that expressed donors’ hopes for a better future. That said, philanthropy was mainly an urban phenomenon, and although social democrats were generally hostile to charity, these traditions did not vanish

with the emerging welfare state – there is a steady increase in the number of new foundations also after 1945.

Assets large enough to require or legitimize a separate administration and grants of some size are clearly in a minority within this category. Large foundations usually originated with relatively wealthy donors, most often related to shipping. In the twentieth century, some shipowners made large fortunes, particularly from whaling and oil transportation, and parts of their fortunes were channeled into grant-giving foundations. Also fortunes from some land-based industries were transformed into assets. A typical large foundation would have an asset of NOK 100–500 mill, (€ 12–60 mill), and distribute grants of NOK 3–5 mill each per year. Less than 5 percent, or 30–50 foundations, belong to this category. The average annual amount distributed as grants is NOK 266,000 (approximately €3,300) per foundation.

Larger foundations in the social field have an administration of their own, usually a manager, while smaller legacies most often are administered by municipalities, voluntary associations, academic and educational institutions or lawyers. In order to ease administration and ensure that grants are of a reasonable sum, many smaller legacies, particularly older ones, have been merged.

It is difficult to trace a common identity, or collective frame of reference, among these legacies and foundations. Lawyers and professional managers express their sense of obligation to the will of the donors. The younger the foundation or legacy, the more likely the private character of the legacy will be expressed, and the managers' loyalty to the original will. Older assets, expressing intentions of an era that has passed, are most often handled in a 'professional' manner. When applications are administered by local authorities, the original, civic spirit of assets is, in most cases, gone.

Since the grants of these foundations are relatively small, their influence is more symbolic than real. Their purpose is to help people suffering from illness or difficult circumstances. At times, such purposes are narrowed down to individuals from certain communities or occupational groups, some of which are gradually vanishing. For example, one legacy is nominally supposed to give grants to 'lighthouse keepers and their children,' a group that becomes smaller by the year, as the lighthouse service is automated. Very few foundations express wider socio-political goals, such as the improvement of general conditions of some kind. From this point of view, these legacies reflect the philanthropic ideals of the donor: the desire to see improvements in the lives of individuals, rather than changes to the system. Their function is best described as *irrigating*, a metaphor which draws attention to the fact that they most often aim to stimulate existing activities, but they are neither numerous, nor influential enough to affect public policies in any decisive manner.

The second largest group, *education and research*, comprises 21 percent of the total, or approximately 600 of the grantgiving foundations. The average size of distributed grants is NOK 211,000 (€26,000) per year, slightly less than the ‘social’ category. Older assets here are rather similar to those of the ‘social’ category, with grants earmarked for individual, educational purposes. The most important intention is to provide economic educational assistance to the underprivileged. Legacies and foundations for research purposes are of more recent origin.

The third largest category, *not elsewhere classified*, represents 20 percent of foundations, and 17 percent of grants. This category consists mainly of foundations with mixed purposes. Many, and particularly the larger ones, have humanitarian, social as well as cultural aspirations. Their broad scope makes it difficult to categorize them, which is why they are grouped in this ‘elsewhere’ category.

The remaining five categories, *culture and recreation, health, environment, advocacy, and development/housing*, account for 16 percent of the total. With the exception of culture, they all represent issues that have emerged during the last 30–40 years, and they have not yet grown to a size that corresponds to the traditional *social* category. This means that the sector of grantgiving foundations still is dominated by ‘traditional’ or ‘conservative’ foundations, which more or less explicitly reflect older traditions of philanthropy.

## Origins

What are the original motives behind these assets, and how are they handled today? Within the Norwegian sample, five different types of origins were identified, each of a kind that gives direction to the role of the foundation.

### Embedded donors

A number of relatively large foundations were established by shipping and industrial capitalists between 1950 and 1970. We can call their motives for donating stocks in their own company *embedded*, a term which refers to feelings of belonging to a city or a district, an unspecified sense of gratitude or loyalty towards one’s ‘roots’. Several donors expressed a wish to ‘give something back’ to the community that fostered them and helped them achieve wealth and success. Such feelings became, in the next round, converted into foundations with broad humanitarian, social and cultural purposes, and the community as their impact area. Similar bonds of loyalty

with the community are reflected in most of the older legacies, but also in more recent foundations, established in the 1970s and 1980s.

Strong feelings of loyalty towards the donor's community means that many foundations can be criticized for being provincial, traditional and unmindful of global or even national issues. They can be labeled *community foundations* and, as such, represent a tradition common to Anglo-American countries (Feurt 1999). Here, 'community' refers to local contexts, most often in the form of neighborhoods, towns, municipalities or parishes. As such they should be contrasted to foundations that are oriented towards *communities of spirit*, realizations of ideas that do not have a geographically limited scope. In our sample, it is only the *Freedom of Expression* foundation that can be said to belong to this category.

Community foundations seem to have a higher resistance to modernization than other parts of civil society. During the years between 1945 and 1980, the voluntary sector in Norway went through a period of national centralization, where the centre of gravity moved from the local to the state level (Lorentzen 2003). Civic associations were seen as *interest organizations*, their main task being to lobby local and national authorities on behalf of their constituency. Community foundations and legacies did not go through a similar development. Their in-built resistance to change has – in this connection – turned out as an advantage. Their local orientation, out of fashion in the golden age of centralization, is now modern again, and the interest in community foundations is renewed.

### Corporate foundations

A different type of consideration lies behind foundations that were created in order to preserve an industrial concern. By giving up individual ownership rights and placing all stocks in a foundation, the factory or industry was assumed safe from fragmentation and speculation. Most often, stocks were placed in a holding company, which was controlled by the foundation. This means that the foundation controlled market operations of the firm, as well as surplus from the production. Parts of that surplus would be channeled back to the foundation and distributed as grants, while the rest would be reinvested in the production. The proportions of the surplus that are re-invested in the company and transferred to the foundation turn out to be critical when it comes to the authorities' willingness to approve such firms as a common-good foundation.

This construction, where the ties between commerce and foundation are relatively tight, has in several cases raised fundamental questions for members of the board. Should the strategies of the foundation reflect priorities and preferences of the firm? Should donations also have the goodwill and reputation of the firm in mind? Or should the common-good strategies of the

foundation work independently of market considerations of the firm? Should employees exert any kind of influence over the priorities of the foundation? The case material includes foundations that earlier lived a life of their own, but gradually developed a form of accountability vis-à-vis employees and the reputation of the firm. The principal issue raised here, concerns the inherent tension between commercial and philanthropic objectives. Does the firm exist for the sake of its foundation, or is the foundation supposed to reflect the social engagement of its parent business?

For a large part of the foundations in our sample, the assets consisted of stocks in the business of the donor, a construction that upheld relations between the firm and the foundation. But the history of some foundations also showed that firm and foundation *separated* over time. With their values in securities and bonds, economic funds became more available and funds for grant making more predictable.

Only for one sample foundation could the original deed be said to be related to what broadly can be called *political* purposes. One goal behind the founding of the *Narvesen* company was to secure public distribution of newspapers. In 1974, the *Freedom of Expression* foundation was established on a gift of stocks from the private owners of the company, with the intention of securing a free and open channel of distribution of newspapers, periodicals etc. The Freedom of Expression foundation is a rare bird in the Norwegian context, a foundation explicitly set up to promote what broadly can be labeled a ‘liberal’, or ‘political’ goal. As such it represents a break with the traditional philanthropy of most grantgiving foundations. This is the only one of the sample foundations that actively reflects upon its role in society, with operational strategies for improving free-speech opportunities in societies (like the provision of small, specialized papers, with a mainly intellectual and topical content).

#### Lottery-based foundations

A fourth type of foundations represented in the sample is founded upon lottery incomes. The *Health and Rehabilitation Foundation* was established in the 1990s by three voluntary associations, all related to work for the disabled and handicapped. Surplus from a national lottery was channeled into a foundation aimed at improving living conditions of members of the owners’ particular target group. This foundation was established in the early 1990s, with several goals parallel to those of public welfare activities. Annual grants (2002) amounted annually to NOK 180 mill (€23 mill) which is the highest annual amount from any grantgiving foundation in Norway. Grants for research were primarily given to clinical and applied projects, while grants to basic research were left to Norway’s national research council. This is one of

very few examples of an agreed division of roles between a foundation and public authorities.

Since its establishment, around 20 voluntary associations have gained status as members of the foundation. The largest of them have the right to appoint representatives to the board, which is the highest organ of the foundation. Once appointed, board members act independently of the associations to which they belong. In this way, the legal requirement of an autonomous board is upheld. From the outside, however, this foundation has a structure similar to most voluntary umbrella associations, with representative, democratic relations prevailing between the board and members. As the Health and Rehabilitation Foundation in its present shape is a legally approved entity, it goes to show how subtle the differences between voluntary associations and foundations can be.

### Merged foundations

A fourth type in our sample can be labeled *merged foundations*; here one foundation represents several others. Our case is the *UNIFOR* foundation, a university umbrella foundation that coordinates more than 200 funds and legacies. It is a relatively recent construction, a response to the increasing administrative costs of a few large and many small legacies associated with the University of Oslo. During the 1990s, many of these were modernized; wills that no longer corresponded with existing social structures were replaced by modern ones, and small legacies with similar goals were merged. The older the legacy, the easier this process was; absence of descendants of the original donor made it easier to change original, outdated wills. The result was a modernized structure of about 200 foundations and legacies organized in the following manner: For each unit, the former board was replaced by a single board for *all* legacies and foundations. In addition, a group of professionals representing the pertinent scientific areas was appointed, one for each legacy. Every year (or when sums for grants were large enough) the professionals submit *recommendation* for grants to the board. Although the board is nominally responsible for all decisions, recommendations were in practice never altered, a system which preserved the autonomy of the original legacy. In the wake of these changes to administrative structures, all assets were combined to form a single fund, administered by the umbrella foundation. This rationalization gave a considerable administrative gain, since all assets now can be supervised by one entity.

In the case of UNIFOR, assets were distributed mainly for three purposes: 1) *education*, by means of scholarships or grants, 2) *science* and *research*, as contributions to scientific projects or programs, and 3) *unspecified support* to an academic field. In all three fields, grants were channeled into 'ordinary' activities, and were not earmarked for particular purposes.

### Collective foundations

Most often, it is assumed that foundations are established by individuals who have a private fortune at their disposal. The Norwegian landscape has a rich flora of *collectively initiated foundations*, grantgiving bodies originating in one of several collectives with an asset at their disposal. Below, collective foundations are divided into three categories.

The first category covers *funds established by voluntary associations*, many of which operate in the fields of the visual arts, culture, literature and music. Most often, they are established by agreements between public authorities and voluntary organizations that look after the rights of a category of artists. These organizations claim they have a right to income from the activities of their members, which thanks to taxation laws, can be channeled to a foundation set up by the organization.

Some examples can illustrate this in action. In Norway, there is a tax on sales of records, CDs, arts and paintings, music tapes and video tapes. These taxes are collected by the authorities and put into *funds* controlled by boards, appointed by membership organizations. From the funds, money is distributed as grants, available for all, or earmarked for members. In bodies like these, the degree of board autonomy is the decisive for foundation or voluntary association status. Since these associations have never has applied for foundation status, their legal role has not been questioned. Our sample material included one of these hybrids, namely the *Non-Fiction Literature Fund*.

*Cooperative foundations* represent another example. They are foundations arising from the accumulated capital of cooperatives. During the years between 1930 and 1970, cooperatives, reflecting collective ideologies, had a strong hold on Norwegian society. In the fields of housing, consumer interests, agriculture, fisheries and banking and insurance, cooperatives became powerful. During the neo-liberal era that started in the early 1980s, most of these collectives were threatened by market forces, and arguments were raised to convert into forprofit ownership forms. There was considerable ideological resistance to this idea, since the original *raison d'être* of these collectives had been to fight market forces. In the 1990s, however, such conversions were carried through for two collective insurance companies. Here, one part of their capital was placed in the forprofit firm and the other – the economic result of collective efforts throughout the lifetime of the company – was, in compliance with the statutes, converted into a grantgiving foundation. For one, a former fire insurance company, the new foundation extended the original fire-prevention goals into a broader engagement in preservation of historic buildings, vessels and environmental activities. In the other collective insurance company, the members' shares were put into a foundation with general common-purpose goals. The opportunity to convert



economic collectives into forprofit firms and grantgiving foundations was in 2001 extended to the *savings banks*, which also have been collectively owned.

An interesting subgroup here is collective traditions within *municipalities*. Historically, municipalities in Norway have had a high degree of autonomy vis-à-vis state authorities, where strong community feelings created a sense of ‘us’ against ‘them’, them being the central authorities. At the beginning of last century, many municipalities gained rights of ownership to power-generating waterfalls, and delivery of electricity for households in the community became a communal task. In the 1990s, the power sector was privatized, and some municipalities chose to sell their shares. In the city of Kristiansand, local authorities decided to use proceeds from the sale of for power rights to create a communal foundation. That resulted in 2002 in the founding of the *Cultiva Foundation*, with an asset of NOK 1.44 bill (€ 180 mill). Returns are estimated to be around NOK 100 mill (€ 12.5 mill) annually, and are earmarked for local cultural purposes.



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## Community foundations

Community foundations represent new ways of coordinating collective actors – civil, public and market ones – in what is broadly called ‘network society’. The literature presents community foundations as sources of innovation, builders of social capital and philanthropic responsibility (Walkenhorst [ed.] 2001). But the concept of community is not particularly precise: it is used for massive structures like the European Community as well as neighborhoods. Luhmann (1990) and Sandel (1992) draw a distinction between *constituting* and *coordinating* communities, the former including the classical, Durkheimian local unit where ‘everybody knows everybody: first names are the rule and deals are made with a handshake’ (Miller 1992:86).

As shown above, most of the foundations that originated in the nineteenth and twentieth centuries, worked locally and their original assets were related to care for elderly and sick within a given area. It is a question of taste whether or not one prefers to call these ‘community foundations’. Since most of them have the needs of groups or individuals, and not geographic area as such, as their prime consideration, they are not included under the term ‘community foundations’.

With some few exceptions, most recently established foundations working within local communities are operating ones. The absence of more grant making foundations of recent date reflects both ideology and history; civic community solutions have, since the mid-1850s, tended to find expression in the voluntary, democratic, member-based association. People’s contributions have been in the shape of time and labor, rather than money.

Among these voluntary endeavors, the *volunteer centers* constitute a large group. In 1991, the Government initiated a program of community-based *volunteer centers*, with the purpose of mobilizing volunteers for local purposes, and coordinating and stimulating voluntary activities. Altogether 96 new centers were established in 1991. Making up the prime group of stakeholders were voluntary associations, one third of which were owned by municipalities and 20 percent by congregations. The basic costs, wages for coordinators and rents, were paid for by the government. The centers found a niche for their wares in the space between public and private responsibilities,

with care and caretaker functions, social arrangements for elderly, handicapped and migrants, self-help groups, but also cultural and leisure arrangements.

By 2002, after 12 years of operation, volunteer centers had become an integrated part of local welfare policies. Their number had risen to more than 230 and is still growing. The government had reduced their part of the costs to 50 percent, leaving the rest to local sources, mainly municipalities. In the same period, a gradual shift in *ownership* took place. From mostly unilateral ownership by municipalities and associations, several centers chose the *foundation* or *cooperative* as their ownership modus. In 2003, altogether 96 centers, or 40 percent, were registered as foundations or cooperatives. They are classified as *operating* units, since their prime goal was to organize welfare activities based on voluntary resources.

What were the intentions and realities behind these shifts? Interviews and written material from 15 foundation-based centers reveal that the voluntary world also is one of competition and volunteers. Both private associations and local authorities reported that ownership was an obstacle. The ideological orientations of private associations were also cited as hampering recruitment of volunteers. At times, the managers of the centers felt that these ideological differences actually hampered expansion into new areas of work.

These challenges were met by two strategies. First, some centers decided to downplay the philanthropic elements of their work, gradually shifting their 'company profile' from that of a 'social' center to one of a *neighborhood* or *community* center. These labels facilitated an ideological shift, a change in ways social phenomena were seen. To give one example, the old man living alone in his home, would be perceived by 'social' context' as old and partly disabled, in need of voluntary care. Within the community frame, his status becomes a neighbor and chess player, an honored member of the community. Volunteers took the job of getting him into the chess club, on excursions and other local activities, and thereby involving him in 'natural' and balanced social relations. The shift from the 'social' to the community opened for cooperation with leisure, cultural and other community-based organizations, and created a wider network of potential partners.

A second strategy was to organize centers as foundations or cooperatives. Participating associations and public authorities sat on the boards, the intention being to strengthen the bonds between interest organizations and the community center, and overcome or at least ameliorate competition between different local actors. Up to 15 representatives of associations and local authorities could be represented on these boards.

A small minority of the centers said that they opted for the foundation as their preferred ownership form as a way of discouraging local authorities from expecting too much of them, and demands following the funding from these sources. This seems a rational and expectable reaction. But some centers that

sought institutional dependency already had public goals (such as preventing social problems and as a supplement to public care services) on their statutes. This illustrates that legal *autonomy* does not necessarily reflect freedom from accountability to public authorities and other parties.

These examples also illustrate that the choice of foundation as a community ownership form may additionally rest on *an acute need for coordination* among actors with diverging interests. Here, one could ask if this was a successful construction – did it overcome the challenges of competition and threat of fragmentation among local actors? Experiences point in several directions. Several managers, whose job is to put the strategies of the boards into practice, reported that becoming a foundation had not released creative energy or coordinating initiatives, as they had expected. On the contrary, boards representing up to 15 local associations managed neither to coordinate old nor create new initiatives. A reasonable explanation seems to be that board members felt it their duty to remain loyal to their own organizations first and foremost, and were unwilling to contemplate initiatives or table ideas that might undermine their role or resources. If this conclusion is correct, it illustrates that a community foundation, as a way of overcoming fragmentation and competition among local actors, is not necessarily a good solution.

Grantgiving foundations belong to the foundation sector. A ‘sector’ can be an objective construct or the result of bonds and feelings growing among those involved. Below, I shall argue that among board and staff members, the feeling of belonging to a sector, or subsection, of foundations was low. Among those interviewed, it was hard to find statements that expressed bonds of loyalty to a particular foundation sector or to other foundations. Some foundations expressed a sense of skepticism towards others and many regarded themselves as unique, products of individual and private wills rather than part of any form of ‘collectivity’. Philanthropic foundations regarded themselves as private, or civic actors with loyalties to the donor. Those who originated from the collective traditions regarded themselves as unique constructions, apart from any group, and clearly different from philanthropic foundations. As a conclusion, it seems reasonable to say that the clusters of foundations presented above represent *statistical* rather than *social* groups.



## Roles, policies and visions

Do foundations share common roles? A 'role' in this context should mean a certain way of acting by a group, observable though not necessarily consciously expressed by the actors themselves. A common role implies the performance of certain tasks by foundations within a field or subfield, or that they share common functions, in ways that makes it reasonable to talk about a common role. Roles can exist at the societal level, and role identities can be traced as part of the strategic consciousness of individual foundations.

Most of the community-centered foundations saw their efforts as offering a *supplement rather than an alternative* to public welfare provisions. This role demands flexibility and a capacity to trace needs and innovative projects within the community. At times, such ideas were mediated through the personal network of board members rather than by written application. Project support also followed from strong personal engagement with an element of *faith* which, in a way, legitimized support for the foundation. As a strategy, these efforts tended to channel resources towards well-proven fields of philanthropy, like marginal groups, international aid, preservation of cultural treasures, support of culture, music and voluntary associations, support of religious activities and projects and the like. In interviews, board representatives stressed loyalty to the donors' original intentions, and that, for them, it was important to act consistently with these intentions. But when donors' intentions were rather vague and unspecific with considerable room for interpretation, board members tended to downplay their discretionary license, and stress instead the consistency between allocation of grants and donors' original wishes.

The roles described here anchor the philanthropic foundations in the private sphere, where role performance diverges from the good intentions of the (late) donor, and ways these are interpreted today. Roles emerge as the sum of donative acts, and in most cases, were not understood in terms of a duty to fill a particular function in society. As most of them worked according to the 'mailbox principle', with donations distributed among incoming applications, there was no need for a proactive strategy. Consequently, role

performance takes on an appearance of *decisionless decision-making*, the sum of all grantgiving acts over a span of time.

There are important exemptions to this general impression. In the recently established *Cultiva* foundation, roles and visions concerned the future of the city of Kristiansand. The intention of the foundation was to stimulate cultural activities and place the city on the European map as a innovator in the arts and wider culture. In the other exemption, the *Freedom of Expression* foundation sought ways of realizing its role as a watchdog for the free word. But these examples represent exceptions rather than the rule.

The presentation above shows that the recent generation of foundations in Norway originated as a side effect of *marketization*, the transformation of collectively owned capital into limited companies. In these cases, there was neither an original donor nor a stated will to which the board could relate their activities. Nor were there any traditions from which these foundations could derive an identity of their own. Here, the absence of clear roles was particularly visible.

What were the *visions for the future* of foundations, as expressed by foundation representatives? Only a few of the interviewees said that their foundation had formulated strategies for the future. For the older, established foundations, *continuity* and loyalty to the intentions of the donor remained, as mentioned, an ideal. Most often, strategic considerations were related to investment strategies or ‘technical’ matters. Few, if any, had developed scenarios or general visions of the future, where the role of their own foundation had been debated. Freedom from external constraints can be seen as an important explanation to this. Grantgiving foundations are autonomous and self-supplying, and, as a consequence, strategic planning is not perceived as an urgent necessity.

One general impression that emerged from the interviews is that visions are *particularistic*; they are related to each individual foundation and its surrounding economic, social or cultural context. Visions for the future were not related to their legal status as foundation, but to the specific field to which they belong. The actual field may be the segment of the market in which the erstwhile fortune that made the foundation possible was made, the life of the community or simply goals enumerated in the statutes of the foundation. Bonds of identification, loyalties and personal relations to these fields resulted in identifications that hindered further development among foundations of a common identity.

Another reason for the absence of common identities may be that most grantgiving foundations live a life of their own with few, if any, connections with other foundations. A collective foundation consciousness from which collective strategies issued, did not, apart from a few exceptions, exist among the interviewees. Private endowments remained true to the will of the donor, and among current managers of these wills we found strong feelings of loyalty



towards the original deeds. The result being that foundation strategies were, with few exceptions, relatively 'conservative' or 'traditional'. Although many supported new initiatives, these were rarely disputed or considered controversial. Until 2003, there was no superstructure that could have weakened this strong impression of foundations as a fragmented field, more rooted in concerns for the individual than society. It illustrates the often felt unwillingness of foundations to claim an identity as foundations, further evidence of the general lack of a common horizon among civil actors in Norway.

There are several explanations for this type of foundation 'particularism'. The weakness of a historically anchored *liberal*, political tradition is one. Strong *communitarian* traditions, where civic engagement historically was a local community matter rather than a philanthropic ideal, is another. It may seem somewhat paradoxical that in a world of globalism, feelings of loyalty and belonging to a local community are still strong, stronger than feelings of belonging to a national or European society of foundations. Lack of identification with a wider foundation society is a third explanation. Foundations are, according to their legal definition, self-owned. As such, they are supposed to have a high degree of autonomy, working independently of external sources and influences. Their activities should follow from their statutes, not from regulations or requirements from 'above', or anywhere else. Rather than being a result of political regulation, shared roles should probably follow from a common perception among those who established or manage foundations of their societal mission. Living up to ideals of this nature means that external influence ought to be kept at a minimum. And, since most foundations are financially independent, there is little need for strategic alliances.

*Tools for innovation?* The literature occasionally describes foundations as tools for innovation and change. But in our sample, most of the interviewees expressed a strong sense of loyalty to the founder's visions and the engagement of the donor. Most of these original intentions were neither particularly innovative nor directed at instituting radical change; the purposes envisioned were more modest and more complementary. A conclusion drawn by Nielsen (1972) and cited by Anheier and Leat (2002:92) suits the bulk of Norwegian grantgiving foundations: The profile of their activities is largely conventional, not reformist. They are carriers of social continuity, not change.

A distinct exception from this conclusion is the *Freedom of Expression* foundation. In the Norwegian sample, it is the only entity which articulated a general perspective on the future role of foundations. In the essay *Common Good Foundations in Civil Society* (Rudeng 2000), the author argues that trends of globalization, economic deregulation and 'turbo-capitalism' are challenging welfare policies, where culture and welfare are perceived as purely public concerns. The traditional view has been that as long as market

industries are profitable and capital owners pay their tax, culture and welfare remain responsibilities of the welfare state:

This convenient ‘division of labor’ creates a Norwegian capitalism without cultural obligations, in an age when private fortunes are multiplying by the day. [...] Whether the Norway’s relatively recent market economy will create grantgiving foundations on a scale that resembles those of other countries in Europe, remains to be seen. It will depend on public policies, people’s willingness to donate, interest in contemporary matters and will to participate actively in the shaping of the future. (Rudeng 2000:238–239, my translation)

The author, secretary-general of the Freedom of Expression foundation, here points to the fact that although Norway is one of the richest countries in Europe, philanthropic initiatives are rare. He cites two main reasons. The first concerns the *nouveaux riches*, a generation with no tradition for common-good engagement. A second reason is that the Nordic welfare state has a long nurtured within its breast a powerful conviction of its own omnipotence, a belief in its ability to solve all problems and finance all activities of public interest. Today, Norway exists in a period of transition, where limitations of state welfare engagement become clearer, but civic engagement is still at an ebb.

The literature often assumes that common-good foundations derive from individual and ‘private’ endowments, expressed in the somewhat idealistic term, original *deed*. The Norwegian case shows that motives are complex and that terms like ‘endowment’ or ‘donation’ as characteristics of an original ‘deed’ may not always correspond with the facts. At times, ‘philanthropy’ is a term that describes a person’s *intentions*, other times it is the *results* that are covered by the term. Our material shows that philanthropy as civic support of certain activities, is not necessarily rooted in different ‘deeds’ or wills and testaments. Philanthropic acts are not necessarily mainly philanthropically motivated. In Norway, recent foundations are rooted in the collective economy tradition and have, as illustrated above, origins that differ from those of philanthropic foundations. Nor can we say that foundations and foundation-like constructions based on lottery money originate from individual acts of endowment.

Our case studies revealed that considerations underlying the original deed varied considerably. Generally, the choice of foundation as the preferred ownership form most often originated from a mix of motives. Early, small-sized legacies reflect community spirit and philanthropic impulses primarily among the urban middle classes, while larger foundations were established by ship and industrial owners with a social conscience. Together, these legacies and foundations represent the bulk of the Norwegian population of grantgiving foundations. Very few, and only the largest are operative.

Although many of them are old and their original intentions in many ways outdated, they are today administered with an astonishingly high degree of loyalty to the original purpose. In the academic field, many legacies have undergone modernization and closer integration with their specified academic field as a result. Here, they represent a supplement to ordinary budgets, providing additional opportunities in the shape of scholarships and research funding. But Norwegian universities are part of the state education system, and, in the hands of academic professionals, these monies no longer mediate civic qualities like innovation, change or pluralism.

How, then might we describe the present roles played by foundations? During the last 50 years, the Nordic states have taken comprehensive responsibilities for the welfare of their inhabitants. Welfare expanded to include education, culture, environment, care for the sick and elderly and the general upbringing of children and youth. Today, it is hard to identify social areas or types of human suffering that fall outside the responsibilities of the welfare state. For foundations, this expansion means that formerly substitutive and complementary tasks today belong to the public welfare field. As a consequence, foundations that are loyal to their original purpose are obliged to support activities that are recognized as public responsibilities, but where the extent of their support is hardly visible.

Most foundations in our sample solved this dilemma by backing activities, ideas, arrangements and projects that had failed to attract sufficient public support. The preservation of cultural memorials, restoration of ancient buildings, economic support for festivals, musical instruments, cultural activities, a particular service of a public institution, communal volunteer centers, self-help groups or wage support for particular positions at public welfare institutions are examples. At times, such support might deserve being called innovative, but again innovation seemed in those cases to be more of a consequence than an intention; few, if any foundations offered innovation as a major aspect of their strategy.

The era of neo-liberal welfare policies that started in the 1980s obscured the formerly distinct borders between state, market and civil society. Policies of pluralism and contracting-out brought for-profit – as well as nonprofit – welfare actors. The blurring of former sector divisions opened for welfare pluralism of the type exemplified above, where civic ‘niche’ activities and private responsibilities were able to co-exist alongside the public welfare system. If this trend continues, it is likely that the analytical separation of ‘state’, ‘market’ and ‘civil society’ as distinct spheres or sectors, gradually will lose their relevance.

Our interviews showed that boards of grantgiving foundations rarely follow strategies in their distribution of grants. Some aim for a balanced distribution of grants among several purposes. The number of self-initiated projects was generally low; for the most part foundations spread their grants

across applicants. In some foundations, particularly those where the donor is present and alive, a considerable degree of discretion regulated the selection of supported applications. We gained the impression that the degree of formalization increases by foundation age; time makes the original will of the donor fade away, and new generations of administrators replace the personal engagement of the donor with strategic, or rational calculations.

In all cases, the board took the final decisions on distribution of grants. Only two foundations had formalized the treatment of applications, so that a statement or a comment from an external or independent source followed the application to the board. Most often, the director or manager of the foundation handled applications and selected those who were regarded worthy of support.

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## Current developments and emerging issues

Foundations do not exist in a vacuum, but among diverging interests and needs related to the economic, social and political conditions of a nation. On the threshold to a new century, some traits seem more important for the development of civic ownership than others. In Norway, three such trends are of particular interest. The first is related to the ongoing *differentiation of activities* in society. Market production, welfare services and voluntary work are all undergoing processes of differentiation, with a wider spectrum of goods, services and associations as the result. The driving force behind differentiation is assumed to be increasing individualization; when each and every one of us realize our lives on our individual premises, the result is a larger variety in demands, and, in the next round, products – in a wide sense of the word.

The second trend is a *shift from hierarchal to horizontal coordination of market, welfare and civic activities*. The problems of upholding traditional, bureaucratic, vertical control and planning probably result from increased differentiation – the more the activities to be coordinated from above, the more demanding the task of coordination. In Norway, national voluntary associations are losing their top-down grip on their local branches. Coordination from above is increasingly replaced by horizontal coordination, where local groups look for new partners, and work together for shared goals. At times, new types of coordination are described as the result of an emerging *network society*; civic structures where horizontal coordination replaces hierarchical ones.

The third trend is the slow breakdown of traditional borderlines between *state, market* and *civil society* as distinct sectors or fields. Crossover innovations transfer market ideas to civic associations and welfare bureaucracies. Ideas are also mediated from the civil sector to state and market (for example the idea of treating ‘customers’ as ‘members’ in order to obtain higher loyalty).

These trends all impact on the perception of the foundation as a suitable ownership form. As differentiation produces an increasing number of organizational units, at the local as well as the national level, it sparks a need for *new types of coordination* as well. In Norway, as in many other countries, the foundation form turned out to be particularly suitable for coordinating purposes. Needs for concerted action involving state, market and civil society emerge among interest groups whose values are not necessarily compatible, or among mutually antagonistic groups. In such cases, the foundation form has proven a well suited vehicle. When several parties come together in a foundation to perform a common task, the detachment of board members from the immediate interests of their parent organization will ease efforts reach those common goals. A second point is that the influence of one group or other can be controlled by means of board representation; the stronger influence, the more the number of board members. A third point is that the foundation form means that participants are unable to make a profit or personal gain from the foundations' concerted actions. Several theatres, museums, art galleries have for some time been organized as foundations, and more recently, voluntary activities, often requiring professional competence (i.e., kindergartens, rehabilitation centers, and, as described above, volunteer centers).

The trend toward differentiated horizontal coordination also has resulted in a demand for greater autonomy of public services. During the 1990s, the foundation form was actively used as a way of creating autonomy for public administrations related to science and public infrastructure. But these foundations soon found themselves facing a dilemma. On the one hand, their revenues were regulated by national authorities, and at times earmarked in ways that constrained their institutional freedom quite strongly. On the other hand, for an entity to become a foundation, it has to meet legal requirements related to independence and autonomy. In 1998, the Auditor General pointed out that controlled goal-setting of public foundations may conflict with the basic requirements of autonomy and self-regulation as set out in the legislation on foundations (Riksrevisjonen 1998–99). An 'active ownership' by the government may undermine the autonomy of the foundation. The state's right to spend public money in accordance with public and political goals may conflict with foundations' legally instituted right to pursue their own goals, as enacted in the 1980 law. This dilemma has been pointed out in several reports, and has curbed enthusiasm for the use of the foundation as an instrument of government (Statskonsult 1998, NOU 1998:7, Riksrevisjonen 1998–99:3) The fact that government regulation of foundations' budgets may be against the law has encouraged the use of *joint stock* as a more adequate ownership form when a combination of autonomy and control is sought for.

Today, the foundation form seems to solve an emerging public need for *local* coordination. As differentiation increases, allocation of national public

resources to large numbers of local units becomes a headache. For example, in Norway, around 100,000 local affiliations and activities of voluntary associations have a right to public support. How might these resources be allocated in a flexible, non-bureaucratic but still efficient way? Again, the local foundation seems to be a good alternative. The foundation form makes it possible to coordinate local voluntary interests, and attract national as well as local support from different sources for civic activities and associations. In their role as a buffer between state and civil society, foundations provide the desired 'breathing space' between public authorities and voluntary associations.

In conclusion, we see an accelerating development where the foundation – as an ownership form – becomes a solution to two types of coordination problems: 1) a *hierarchical* coordination problem between the national and local action, and 2) a *horizontal* coordination problem among state, market and civic actors. Here, tax relief issues are less relevant; work is less financed by the foundation's own sources of revenues as by the participants.

Are these trends reflected in public foundation policies? In the foundation bill published in 1998, these issues were not mentioned. In fact, the absence of a public register prevented lawmakers from relating policy issues to ongoing changes in the landscape of foundations. The dominating issue in the bill was related to the potential *misuse* of foundations by private donors, distributing grants for private, rather than public purposes. While the law committee was reviewing the bill, several instances of misuse of grants were revealed by the press. Undoubtedly, these cases sharpened the focus on misuse, and the need for legal tools to address it. For this reason, the bill denied donors the right to sit on the board of the foundation. A second consequence was the aforementioned proposal for a comprehensive national foundation register, accompanied by an elimination of the distinction between private foundations not subject to public control, and 'public' ones that are.

Twice since 1970, the Norwegian population has voted *no* to membership of the European Union. Today, a key argument for membership according to adherents is that the economic integration in the EU is stronger than ever before, but as a non-member Norway is excluded from taking part in political decision making. The recent inclusion of new member states in the EU has removed several former toll-free trade partners, which again has worsened trade conditions, particularly for the fisheries. Full membership would reveal Norway's small-scale integration in European networks particularly in the civic field, including the foundation field. During my interviews, only very few respondents had any knowledge of the European Foundation Statute, or any other international foundation-related processes. Being mainly related to community purposes, most foundations were ignorant about European foundation infrastructure.





## Conclusion

The roots of foundations in Norway are as old as in other parts of Europe, and can be traced back to the middle ages and struggles between the Church and the king. In the centuries before industrialism, merchants in the larger cities were important donors. The town, city or local community formed the cultural context of ‘mild foundations,’ taking care of elderly, ill, poor and disabled people. As a poor country on the outskirts of Europe, industrialism started late in Norway, and the philanthropic spirit awakened by the poverty of many city dwellers was undeveloped. In general, the wealth of the emerging middle classes, the industrialists, property owners and shipowners was not large enough to generate legacies and foundations of any importance. As the influence of the *labor movement* increased from the end of the nineteenth century, different types of *collective economy* became popular in the civic sphere. Cooperatives, saving banks, mutual insurance funds and other types of collective economy increasingly came into use. Still, some foundations were established, mainly with donations from senior public servants and merchants. At times, the absence of well-off donors was compensated by public collections. In this way, research and other civic initiatives could be financed.

Industrialization was in many ways decisive for the present structure and roles of foundations. Those familiar with the history of foundations in Sweden, will remember that the early foundation-making capitalists were more wealthy and numerous category than in Norway. They laid the ground for a liberal tradition which created a common platform for foundations, a platform that still exists, and may explain the differences in the number and influence of foundations in Sweden and Norway. Although social democracy prevailed in both countries, the historical conditions that explain the presence and importance of foundations today, vary considerably. This fact calls for a more differentiated classification, or maybe one that is freed from political terms like ‘social democracy’.

The post-WWII period was dominated by numerous small legacies and some few larger foundations. In the years up to the 1980s, a small number of relatively large philanthropic foundations were established by well-to-do individuals. Except for the Freedom of Expression foundation, these were

mainly concerned with the arts, culture and philanthropy. In 1980, the first foundation law came into force.

The years between 1980 and 2000 saw several new foundations established. The post-liberal wave resulted in several transformations of collectively owned monies and activities into market-based ones. The emerging common-good foundations have, on average, larger assets than the older ones. But as side-effects of former collectivism and communality, they lack the traditions and civic-mindedness that characterize older foundations. As a consequence, some end up in an ideological vacuum, free from state and market but also free of civic visions.

Empirical findings from interviews and case studies can be summed up in eight points:

1. With some very few exceptions, we observed *an absence of collective consciousness* among the foundation representatives who were interviewed. Rather than being orientated towards other foundations, loyalties and accountabilities were directed towards the field from where the foundation originated or was active. A recently established association of foundations (2003) had not yet gained influence, and was met by skepticism by some.

2. The Norwegian sector of foundations is *fragmented*. For the actors involved, the idea and concept of *foundation* does not inspire strong feelings of identity and belonging. Low degree of collectivity is probably a result of the historic absence of strong liberal impulses and a socio-economic stratum able to transform these impulses into foundations.

3. In our sample, the correlation between *age* and civic engagement was negative. As long as the donor remains active in the work of the foundations, the scores on vision and engagement are high. As time goes by, the distance between the original deed and daily work increases, and board members take 'value-neutral' positions. Loyalties towards the field in which the foundation works increase, but at the cost of civic accountability. This suggests that foundations, as well as voluntary associations, go through *life cycles*, where original deeds are replaced by something else.

4. We also found a correlation between asset *size* and *institutional autonomy*. Small legacies and funds tend more often than larger ones to be administrated by some 'external' party, be they lawyers, local authorities, university management or public institutions. These actors relate to the goals of the foundation in a more 'technical' manner, thereby removing the type of political or societal engagement which is a precondition for an active foundation.

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5. Age also seems to disconnect the foundation from the institutional donor. For foundations whose assets are in stocks from the donors' activities, as time passes, these stocks are frequently converted into general securities which, in the next round, act to distance the foundation from the institutional donor.

6. As a strategy, *grantgiving* is more common than operative programs. Articulated strategies that linked the foundations' activities to those of state and market were absent. None of our sample cases expressed pluralistic intentions or alternative solutions.

7. Since most foundations are modest in size, few are capable of playing a dominating role within their field. And since most welfare policies involve well-developed public responsibilities, niche openings are limited. In addition, most foundations keep up a 'traditional' profile of grantgiving activities.

8. The *national authorities* have been concerned to hinder private misuse of foundations. A new law offers several new reforms, all aimed at improving the public control of foundation. The most important tools are a new public commission and a register of foundations and foundation-like constructions. Political authorities have issued few – if any – signs of positive interest in foundations and new possibilities of future roles.



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## Appendix: Results from a sample study

For the purpose of sampling, the national, legal definition was applied. The sample is divided into three main categories (*traditional*, *younger* and *free* criteria), and each of these in four subsectors: *grant-making*, *operating*, *corporate* and *'specific'*, with *community* as one subsample (see table 2) . Below, samples are organized according to this scheme.

**Traditional philanthropic foundations** consist mainly of grantgiving entities for good purposes, i.e., social, cultural, environment, health, children and youth-related purposes. As mentioned, most of this large group are legacies founded on small, private assets. Most of them are more than fifty years old, they have a limited capital base and their surplus is distributed in relatively small portions to individual applicants. Within this category we also find a few larger family foundations. Most of them distribute highly focused grants, but have subgroups of 'dignified needy' as recipients.

Although large in number, legacies like these are less relevant for our sample. They are more or less economic remains from earlier times, tied to good purposes which, under the modern welfare state, have lost their original importance. Evidence indicates that those who administer these foundations – barristers, universities, public authorities and others – do not have neither strong nor particularly well considered opinions on their goals and purposes. My intention is here to avoid the many small legacies and concentrate on those with an administration of their own. Mainly founded on assets from large private capitalists, these mediate a liberal tradition in a country where liberal impulses have been rare. In the *grant making* category I selected the following

A. *Anders Jahres Humanitære stiftelse* - Anders Jahre's Foundation for Humanitarian Purposes – which was founded in 1966, and has later received several gifts from its founder, shipowner Anders Jahre. In 2000, the foundation's total capital was NOK 225 mill (€ 28 mill). The foundation support humanitarian, cultural and social activities in Norway, and particularly

in its home city of Sandefjord. Anders Jahre's culture prize was established in 1990.

*Stiftelsen Sat Sapienti – the Sat Sapienti Foundation*, whose motto is 'Dictum sapienti sat est,' meaning 'one word is sufficient for the wise.' This foundation was established in the early 1970s on a donation from the owner of a large chocolate factory. The asset is around NOK 100 mill (€12.5 mill) and the foundation is engaged in cultural work, particularly the preservation of ancient buildings. It also promotes Nordic cultural cooperation.

Both the above are grant making, though they lack written programs. In Norwegian terms, they are two of the largest foundations in this category.

For the *operating* category I have selected

A. *Stiftelsen helse og Rehabilitering – The Health and Rehabilitation Foundation* was founded in 1996 by three voluntary associations. They obtained public approval for a national lottery, the surplus of which the foundation could dispose as it wished for redistribution among associations for handicapped and disabled. Today 22 associations are members of the foundation. In 2002, the foundation handed out NOK 197 mill (€23 mill) as grants. This year the foundation has received 1,800 applications and supported 450 of them. The foundation makes use of relevant outside expertise, but the board makes the final decisions.

This is an interesting case, particularly because its members are situated inside the foundation as part of the ownership. Such constructions are usually considered to be incompatible with the legal foundation form.

B. *Stiftelsen Cultiva – The Cultiva Foundation*. This foundation was established in 2002 in the city of Kristiansand, with an asset of altogether NOK 1.44 bill (€180 mill). Some years ago, power-generating waterfall rights were privatized, and the municipality became joint-stock owners in a power company of considerable value. Later these stocks were sold, and local authorities decided that the selling price should form a communal foundation. Returns are estimated to be around NOK 100 mill (€12.5 mill) annually, which are earmarked for local cultural purposes.

The third category of the 'established' group consists of corporate foundations. Here, I have selected two cases, both so-called *holding foundations*, meaning that their assets consist of profits from investments or business activities. A third category comprises *commercial foundations*, which fall into two subcategories. On the one hand are those that conduct commercial affairs for themselves. In the first of the two cases, production and sales are integrated parts, and the foundation is working as a nonprofit

firm. In the second, the capital is invested in other firms or economic activities, and the foundation does not hold any production of its own. In Norway, this is a rare construction.

A. *Kavli's allmenntilgite Fond* is the owner of the Kavli group, which produces food for the European market. Some of the profits are transferred to the foundation, which distributes around NOK 5 mill each year, mainly for cultural purposes.

B. *Stiftelsen Fritt Ord – The Freedom of Expression Foundation* – can trace its roots back to the 1880s, and a forprofit company that was established to distribute newspapers at railway stations. In the 1970s, the private owners donated their shares to the Freedom of Expression Foundation which was established for this purpose. Today, it is a holding foundation with an asset of around NOK 900 mill. (€112 mill). Grants are distributed widely to research, cultural, literature and other causes, particularly those working to promote freedom of speech. Among the foundations with a liberal profile, this is probably the most articulated and reflected.

**Community foundation** category is large in the definition used here. The number of foundations serving the community is growing. Most of them have a specified and concrete purpose, and their assets are modest. Many of them are deeply involved in public welfare, or public cultural programs. The total number of foundations here amounts to almost one hundred, from which I have selected 15 centers for the subsample.

A. *Community centers*. In 1993, the Ministry for Health and Social affairs allocated money for the establishment for so-called voluntary centers, community-based organizations that organize cultural activities, self-help groups, services to elderly people and leisure activities. Since then, the number of such centers has increased to approximately 260, of which eight are today organized as foundations. Two of these will be included in this sample, as representatives of the recent wave of foundations that organize cooperation between voluntary associations and municipalities.

**Younger foundations**. This brings us to the second main category of *younger* foundations. Cases of younger grant making foundations are rare, but after a good deal of searching I found two, both offsprings of forprofit activities.

A. *Solofondet* – the Solo Foundations – receives annual transfers from A/S Solo, a soft drinks company mainly supplying the children and youth market. Since its establishment in 1993, more than NOK 10 mill has been allocated to more than 1,200 projects.

B. *Stiftelsen UNI* – the UNI Foundation was established by UNI, a forprofit insurance company. Annual returns from the foundation’s capital are distributed to projects aimed at preventing damage and fire. In 2000, NOK 19 mill. was distributed as grants.

Within the second category – *operating foundations* – I have selected two, rather different, cases.

C. *Det faglitterære fond* – The Norwegian Foundation for Non-Fiction Literature – has as its aim to promote interest in non-fiction literature and take care of the professional as well as economic interests of authors. The Foundation’s capital is distributed as specified types of grants. Income derives from a compulsory levy on library loans of non-fiction literature. In 1998, NOK 32 mill. was distributed as grants.

In the third category, *young, corporate foundations*, I have one case: *The UNIFOR foundation*. UNIFOR was established in 1993 jointly by the University of Oslo and UNIFOR. The main task of this foundation is to administer the assets of around 200 smaller legacies and foundations with University of Oslo-related purposes. These assets amount to around NOK 800 mill (€100 mill).

	Foundation Type			Specific Types (optional)	
	Grant-making	Operating	Corporate	Community foundations	<i>Free, country-specific</i>
<b>Older, 'established' foundations</b>	1. Anders Jahre 2. Sigv. Bergesen 3. Rieber ?	1. Health and Rehab. Foundation 2. The Cultiva foundation	1. Kavli's Foundation 2. 'Freedom of Expression' Foundation	1. Community centers (15)	
<b>Younger, 'new' foundations</b>	The Solo Foundation The Sat Sapienti Foundation	1. The UNI Foundation	1. The UNIFOR Foundation 2. The Non Fiction Literature Foundation		
<b>Free selection criteria; country-specific</b>					



This selection of foundations makes up a sample of altogether 12 ordinary cases and a subsample of 15 community foundations. The sample is not representative of all foundations in Norway, where the numerical bulk consists of small, elderly and locally oriented legacies. It was selected from among those with relatively large assets and an administration of their own. A 'grey-area' group comprises funds which administratively are closely connected to public authorities, whose income is from certain public sources. Most of these have up to now not regarded themselves as foundations, but according to the 2001 Act on Foundations, that is what they are. One of them is included in the sample, the Norwegian Foundation for Non-Fiction Literature.



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# Institute for Social Research

## Report 2004:15

<i>Forfatter/Author</i> Håkon Lorentzen
<i>Titel/Title</i> Philanthropy and collectivism – grantgiving foundations in Norway
<i>Sammendrag</i> Rapporten gir et bilde av de allmenntilgjengelige, pengeutdelende stiftelsers rolle i dagens Norge. I store deler av Europa har stiftelsen som eierform hatt en oppsving, og mange større europeiske stiftelser trekker opp en strategisk rolle for seg selv som utfyller de oppgavene offentlige myndigheter og markedsaktører har. Hos oss har stiftelsene røtter tilbake til middelalderen og spilte lenge en viktig rolle i eldreomsorg og bekjempelse av sykdom og fattigdom. Med velferdsstatens framvekst har de filantropiske stiftelsene kommet i bakgrunnen. Tallet på nyere, filantropiske stiftelser er hos oss relativt lavt, og de fleste fører en relativt tilbaketrukket tilværelse. De siste årene har det vært en tilvekst av stiftelser som har sitt opphav i kollektive formuer: kommunal eiendom, kollektive forsikringsselskap med flere. I rapporten har vi spurt ledelsen i de største pengeutdelende stiftelsene om hvordan de ser på sin egen samfunnsrolle. Flertallet er lojale mot donors opprinnelige hensikt og trekker ikke opp noe bredere mandat for sitt eget virke. Det rår en viss mangel på kollektiv identitet ved at få føler noen spesiell tilknytning til øvrige stiftelser. Flertallet har også en sterk tilknytning til stedet og virker innenfor lokale rammer. De behandler inkomne søknader og tar sjelden egne initiativ. Noen få stiftelser bryter med dette bildet. De har utformet en strategi for sitt virke og har utformet et aktivt samfunnsengasjement. De kan engasjere seg langsiktig i større prosjekter og blir med det synlig som samfunnsaktører.
<i>Emneord</i> Stiftelser, frivillig, kollektivism
<i>Summary</i> The report presents a picture of grantgiving foundations in Norway. Central Europe has seen an increased interest in foundations as an ownership form, and larger European foundations take a strategic role which supplements those of state and market actors. In Norway, foundations are rooted in the Middle ages and for hundred of years they fought poverty and illness. Today, the modern welfare state has replaced the role of philanthropy. The number of recent philanthropic foundations is relatively low, and most of them are not very visible in public life. During the last years a new generation of grantgiving foundations rooted in collective fortunes has emerged. We have asked managers of the largest grantgiving foundations how they perceive their own role in modern society. The majority is loyal to donor's original intentions and do not see a particular societal role for themselves. A lack of collective identity can be observed, as very few feel any particular bonds to other foundations. Most of them are rooted in their community, which is the frame of reference for all their activities. They relate to incoming applications and refrain from initiatives of their own. Rather than being societal actors, they see themselves as mediators of private wills. Some few foundations represent a break with this overall picture. They have formed a strategy of their own and engage actively on political, cultural and social issues. They also engage in long-term activities and become visible in media and the public sphere
<i>Index terms</i> Foundation, grantgiving, voluntary, collectivism