

STOCKHOLM SCHOOL OF ECONOMICS

# THE FIRST 100 YEARS

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Foreword

Looking back on one hundred years of history, recalling the founders' intentions and assessing, as a president must, where the School is today and where we want to be in the foreseeable future, I feel compelled to say that the Stockholm School of Economics is a success. SSE is uniquely attractive among Swedish students, not just those committed to studying business administration and economics, but also those who want an elite education regardless of the field. We can judge the attractiveness of our flagship undergraduate program in part through the number of applications each year for the 300 places in that program, but even more clearly through the quality of those applications. In recent years, candidates applying on the strength of their secondary school grades have needed the maximum grade point average (5.0 out of a possible 2.0).

Even more importantly, given that SSE was founded in part to provide the Swedish business community with well-trained leaders and specialists, once graduates leave the School, they generally succeed in the careers they choose, often in demanding, high-profile positions. An additional external measure of our success can be found in international rankings and comparisons. European rankings that look at quality within various subjects have placed our work in finance, accounting and economics at or near the very top.

While these international comparisons underscore the nature of our success thus far, we still have challenges to meet in the near future when elite business education becomes a fully international arena. In the face of these challenges, it seems important not simply to describe our success, but rather to ask how it came about, so that through understanding what has given SSE its strong national reputation, we might better prepare for a more competitive and more international future.

Success of course has many components and many causes. It is certainly possible to point to the talent, dedication and loyalty of many men and women who have worked to make the School what it is today, and some of those stories appear in the pages that follow. These qualities are not however easily or obviously reproducible, so even though we will continue recruiting high caliber teachers, researchers and administrators, I want to consider five strategic explanations for the success SSE has enjoyed.

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Lut floquetet utam incipit, ornamento spiritus natusque verat. Ma am quoniam sed et ing eturpitas at.

interaction has continued throughout the twentieth century and now into the twenty-first. A number of key actors have contributed to the development of the School buildings, making sure that the premises continued to evolve in order to accommodate the School's organic growth, to keep abreast of its development and to meet the changing requirements of an institution of higher learning.

The School's first home was a rental. SSE leased one floor, the third floor, of a commercial and residential building at Brunkebergstorg 2 in the Norrmalm district. The building itself was well-known as Brunkeberg's Hotel, and the neighborhood reflected the position the new business school occupied in early twentieth-century Stockholm. The neighborhood was centrally located and close to the financial district. Up until the extensive remodeling (some say devastation) of central Stockholm that followed World War II, Brunkebergstorg was a lively place, bustling with a mixed street life, much unlike the rather somber business-only atmosphere prevailing today. Next to SSE was the well-known restaurant Gillet, as well as large workplaces like the insurer Livförsäkrings AB Nordstjärnan and the new secondary grammar school Nya Elementar.

In the fall of 1909 labor conflict gripped the nation. A coordinated lockout and a general strike dominated the summer months, leaving 300,000 people out of work. The lockout remained in force in varying degrees into 1910. Although little is known about how these events affected the first generation of SSE students, the concrete result was that remodeling work remained unfinished and little of the furniture and furnishings needed to start classes had been delivered when classes began. Cast-off hotel furniture was put to use, students adapted to their new circumstances. Most generally, the symbiotic relation between the Swedish economy and the study of economics took yet another form.



Modellor ut. Sam villorum vel eugeneratid dilut praet, qui ten vel dicit versis entis, quam alio non ipsum do comes ut praet, corticisq praet visis, nequipsa ex frum ing et ad del.

By 1914 it was clear that the School needed more classrooms and that both the faculty and the students needed additional space so SSE expanded for the first time by leasing half of the fourth floor at Brunkeberg's. These premises housed the School until it moved in 1916 into a home of its own at Svevägen 6c, the building that today still houses its central administrative offices and the bulk of its teaching facilities.

In one respect the rationale for moving was straightforward. SSE outgrew its accommodations on Brunkebergstorg because the number of aspiring businessmen (and later women) that needed to be trained called for more space. The original premises had only five seminar rooms, which had proved to be too few for the growing number of subjects that were emerging out of the expansive domestic and international research in business and economics. Another factor was that, like many other enterprises, the School had aspired to own its own facilities since its inception, so by the early 1910s overcrowding and the sale of the Brunkeberg building combined to bring to a head the question of a new building for SSE.

This was a question that many actors would address in a number of forums



The first generations of researchers

With funding in place and the benchmarking process vis-à-vis international business schools completed by 1910, the SSE Association began recruiting the people who would actually set the curriculum and operate the School. Within the business community, although not among the founders of SSE, doubts were expressed as to the need for a curriculum dominated by theoretical studies.

In recruiting Carl Hällendoff and Eli F. Heckscher to fill the first two key positions as president and professor of economics, however, SSE's strong research profile – which has played such a vital role in the School's prominence for an entire century – was thoroughly established and largely undisputed from the very beginning.

Moreover, the recruitment of these two men signaled a strong attempt to identify with traditional higher education and academic scholarship. As Heckscher put it in a 1909 letter, "I want to add that economics should without exception be the first priority both in the curriculum itself and the composition of the faculty." In a memo written on behalf of the SSE Association board Hällendoff strongly emphasized the importance of theory to higher education aimed at a practical business context.

Hällendoff came from Uppsala University, where he had served as an associate professor of history, and in addition to serving as SSE's first president, he was to teach economic history. Heckscher came from Stockholm College (later University), where he had worked under one of the most prominent economists in Sweden at that time.

Because they were hired to fill important roles and were involved in crucial preparation and planning, these two men strongly influenced the early direction SSE was to take.

Eli F. Heckscher: "A work of genius"  
Of the two, Heckscher became known worldwide and his name lives on as SSE celebrates its first 100 years. For economists in general and for international economists in particular his name is inseparable from the theorem that carries



Eli Filip Heckscher (1879-1952), the first professor of economics at SSE, was born in Stockholm, the son of the Danish-born businessman leader Heckscher and his spouse Rosa Meyer. He completed his secondary education there in 1897 and went on to study at the universities in Copenhagen and Uppsala, where he studied history under the renowned professor Harald Friese, whom Heckscher considered to be his academic mentor and inspiration.

SSE, Heckscher's research focus changed. His conservative economic values were replaced by views derived from classical and neo-classical economics. He consistently argued in favor of freely determined prices, for free trade and against government intervention in general.

In the late 1910s and early 1920s, he made his seminal contributions to trade theory in international economics, but thereafter he devoted himself increasingly to the development of economic history as an area for teaching and research.

One important reason for Heckscher's shift in focus was the increasing conflict between his neo-classical views and those of the younger generation of economists which was taking its place on university faculties during the years between the two World Wars. These neo-classicists advocated changes in economic policy and were accepting both of expansionary government fiscal programs and of trade and exchange controls.

Heckscher is today best known for a model explaining patterns in international trade (Heckscher-Ohlin model) that he developed with Bertil Ohlin at SSE. Outside SSE and internationally he played a vital role in the early 20<sup>th</sup>-century development of economic policy, characterized by free trade, expansionist government intervention and an uncompromising belief in liberal democracy. In regular contributions to the *Dagens Nyheter* daily, Heckscher pedagogically and successfully outlined economic-related issues to a wide audience at home.

For international economic historians, he is the author of seminal works on the Colonial System and Mercantilism. Their Swedish colleagues in addition tend to think of him as the author of a monumental study of the economic history of their country, a work that Heckscher himself regarded as his mission in life.

According to a bibliography published in 1950, Heckscher had as of the previous year published 1,148 books and articles. In what light his earlier papers should be viewed? Some commentators Heckscher could hardly foresee, and when towards the end of his life he learned that parts of the essay were to be translated into English for inclusion in the volume of *Readings in the Theory of International Trade* published by the American Economic Association he seemed to be surprised: "Outstanding. Better and also great!" [But have we done all that?]

It appeared as if he had more or less chosen to forget his early work or at least to belittle its importance, in spite of the stature it had been given first by the work of Ohlin and later by the development of today's standard framework of the Heckscher-Ohlin model by Paul Samuelson.

El Heckscher was married to Ebba, née Westberg. Their only son Gunnar was leader of the Conservative Party from 1961 to 1965.

his name, the Heckscher-Ohlin theorem, which states that countries which, comparatively speaking, have an abundant endowment of, say, labor, will export labor-intensive goods while, say, countries with abundant capital will export capital-intensive goods.

Heckscher presented his idea in the 1919 special issue of *Economisk Tidskrift* (presently the *Scandinavian Journal of Economics*). In the article he expresses his surprise over the fact that little attention had been paid to the question of what causes differences in comparative costs and goes on to conjecture that trade will arise when relative factor prices differ because factor endowments are not the same everywhere and that when the same production functions prevail in all countries factor price equalization will take place.

The 1919 article is Heckscher's claim to fame as an economic theorist – "a work of genius" in the words of Paul Samuelson. Had he been alive in 1977 when Bertil Ohlin and James Meade received the Sveriges Riksbank Prize in Economic



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The changing role of the Student Association

Founded in 1909, with the dual purpose of fostering good comradeship within the student body and pursuing the common interest of the students, the Student Association at the Stockholm School of Economics (SASSE) has evolved into a large and dynamic organization in which a majority of the students are active to one degree or another during their time at SSE.

Besides offering a platform for the kind of bonding and socializing that many graduates fondly recall as the most memorable aspect of their time at SSE, membership in the organization has for many years also offered hands-on business training in a host of fields. SASSSE is, for example, in charge of operating the student restaurant, organizing internship exchanges and contacts with other university student associations both in Sweden and abroad. In addition, the Association also operates its own media – a student radio station and several magazines, for example – and runs various export projects, asset management services and a wealth of other opportunities for active students to manage budgets, personnel and operations.

To the freshmen, however, the socializing offered by SASSSE activities is without doubt the most important aspect of the organization, and it of particular benefit to out-of-towners who may lack an existing social network when moving to Stockholm to study. On the very first day at School, the newly admitted undergraduates are divided into groups of *Småttingar* (Kiddies), each with their own "Mom" and "Dad", second-year students who have voluntarily signed up to guide the "kiddies" through the intricacies of student life from the basement level of the Svevägen building, which has harbored the Association ever since the School moved there.

The introductory "Kiddies Week" offers a host of activities in which the new Association members – *Enak* and *Enakda*, as the male and female members are known – are thrown into activities such as the "Kiddies' Student Face", a citywide trophy hunt known as the "Rebus Chase", a masquerade ball, and perhaps a first trip to SSE's own country cottage *Enakro* near the Stockholm archipelago.

Student faces is a kind of amateur comedy theatre (open in Swedish) that is a strong tradition at Swedish universities, and some SSE faces live on in the memory of alumni because of their sometimes daring, always humorous and (guar-



Urmandu lat restion sequit, vel clam dique.

The Stockholm School of Economics – your alma mater – is unique. Founded on private initiative in 1909 as the first academic institution of its kind in Sweden, the School has retained its position as leading provider of qualified training of managers and specialists for corporations, organizations and the government, in parallel with the pursuit of often groundbreaking achievements within a wide array of research areas.

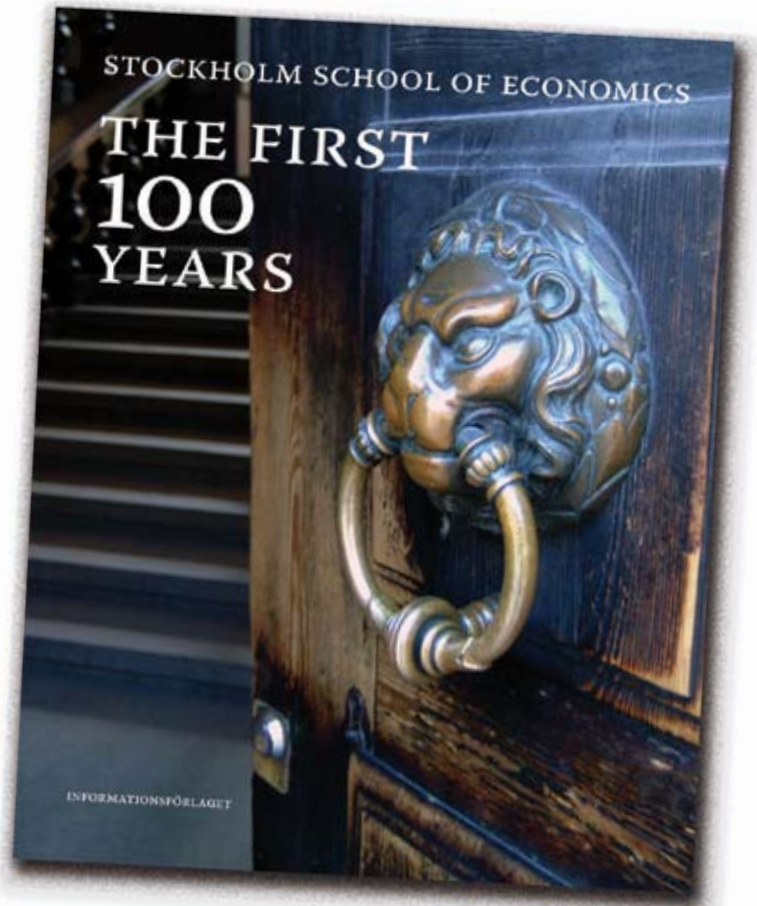
The official SSE Book is published as part of the Centennial celebrations. At last, the complete history of SSE is commemorated in a comprehensive documentary describing the amazing journey from the humble origins in rented office space at Brunkebergstorg up until today's diverse international operations.

The rewarding partnership with the world of business remains a core theme throughout the book, as does SSE's close and fruitful cooperation with the Swedish and international research environment. In addition, the book features portraits of colorful professors and other personae that have each left their indelible mark on the School. Student life is also covered, as well as Stockholm's development into a dynamic city of academia and home to prosperous enterprise.

With 224 pages and a coffee-table format with dust jacket, richly illustrated in color and monochrome, the Centennial Book also includes a complete index of featured individuals.

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