

DEMOCRACY AND HUMAN RIGHTS

DON'T TRY THIS AT HOME

Exporting Sweden's neoliberal welfare experiment

Lisa Pelling and Mia Laurén
January 2025



Outsourcing, privatisations and the introduction of voucher systems have since the 1990s marketised welfare services to a larger extent in Sweden than in any other European country. This has transformed Sweden beyond recognition: what was once often portrayed as a social democratic ideal, is now more of a neoliberal showcase.



This report describes some of the consequences of this development and maps efforts by Swedish for-profit welfare companies to expand their businesses and business models abroad – particularly to Germany.



This is a warning to German progressives: don't try this at home. If you can avoid it.

Contents

1. INTRODUCTION	3
2. CONSEQUENCES OF VOUCHER-STYLE PRIVATISATION ...	4
3. SWEDISH WELFARE COMPANIES ARE EXPANDING TO GERMANY	6
4. WHY GERMANY SHOULD BE CONCERNED: INCREASING NEEDS CREATE VAST VULNERABILITIES	7
5. ARGUMENTS IN FAVOUR OF PRIVATISATION OF WELFARE SERVICES – AND WHY THEY DO NOT HOLD	9
6. THE SWEDISH SCHOOL SYSTEM: MILTON FRIEDMAN’S WET DREAM	11
7. THE PUBLIC EMPLOYMENT SERVICE: IN THE SERVICE OF PRIVATE ACTORS	13
8. HEALTH CARE: HIJACKED BY ONLINE DOCTORS	14
9. OPEN DOORS TO TAX-FUNDED CRIME	16
10. MANAGING POLITICAL RISK - HOW SWEDEN BECAME THE MOST LOBBYIST-DENSE COUNTRY IN EUROPE	17
11. CONCLUSION: DON’T TRY THIS AT HOME (IF YOU CAN AVOID IT)	18
REFERENCES	19



1

INTRODUCTION

Over the past three decades, the Swedish welfare state has been transformed beyond recognition. Outsourcing, privatisation and the introduction of voucher systems have marketised welfare services to a greater extent in Sweden than in any other European country. What was once often portrayed as a Social Democratic ideal, is now more of a neoliberal showcase.

This report describes some of the consequences of this development. More importantly, it maps efforts by Swedish for-profit welfare companies to expand their businesses and business models abroad – particularly to Germany.

Sweden has been forced to learn the hard way that once services have been privatised, it is difficult as well as costly and time-consuming for society to take back control. In some welfare sectors where private for-profit actors have grown particularly strong, Sweden might have reached tipping points beyond which privatisation can no longer be rolled back.

It is high time to caution the German public and in particular German progressives: Don't try this kind of reckless privatisation at home. If you can avoid it.

This report starts by summarising the consequences of Sweden's privatisation of welfare services. It continues by providing some details about Swedish welfare companies already operating in the German market. The report then lists some social, economic and demographic factors that might make Germany particularly vulnerable to the expansion of welfare corporations. After that, it goes through a number of arguments that are used in the discussion on the privatisation of welfare services that might be particularly relevant for the German debate. Attention is then given to some specific sectors: pre-schools and schools, employment services, and digital health care. Another sector that in Sweden has changed fundamentally – and become much larger along with the marketisation of welfare services – is public affairs. The report briefly addresses the issue of lobbying before the report is wrapped up with some conclusions.

2

CONSEQUENCES OF VOUCHER-STYLE PRIVATISATION

Sweden has chosen voucher-style privatisation in areas such as social care, elderly care, schools and pre-schools instead of privatising through public procurement, where services bought from private providers are defined in contracts and limited in time. A vast amount of literature addresses the consequences of this kind of 'freedom of choice' privatisation. The following brief summary is by no means exhaustive.

QUALITY AND EFFICIENCY HAVE NOT IMPROVED, AND 'FREEDOM OF CHOICE' HAS PRIMARILY BENEFITED THE ALREADY PRIVILEGED

Tax-funded welfare services were opened up to private actors in the 1990s with the idea that competition between a diversity of actors would both increase efficiency and give the users of the services (pupils, patients, etc.) more freedom of choice. By and large, improvements in quality have not materialised. Instead, it is increasingly clear that private providers compromise quality in order to maximise profits. For-profit schools, for instance, have a higher share of non-qualified staff, lower levels of staff, more crowded classrooms, and smaller schoolyards. At the same time, costs have risen. Voucher-style privatisation gives rise to costly control bureaucracies both at the state and local level. In addition, profit margins have been high. Funds are transferred from welfare services to shareholders and other investors. Where and when 'freedom of choice' has indeed increased, inequality has also increased, since the more privileged can take better advantage of being able to choose.

For a number of years, public opinion has been strongly opposed to private for-profit actors. Seventy per cent agree that 'profits should not be allowed in tax-funded health care and education'. Only 15 per cent would like to 'increase the privatisation of health care'. See illustration to the right.¹ Left-wing voters are more in favour of forbidding commercial actors in the welfare sector, but there is also support for this position among right-wing voters. In 2023, 85 per cent of voters who consider themselves 'clearly to the left' strongly supported the proposal that profits should not be allowed in tax-funded health care, education and social care, while 30 per cent of those 'clearly to the right' were of the same opinion. Only 11 per cent of those clearly to the right thought it

was a 'very bad proposal' that profits should not be allowed.² Here, some of the consequences are mentioned in more detail.

WORSENING SCHOOL RESULTS AND INCREASED SEGREGATION

Andreas Schleicher, head of the directorate for education and skills at the OECD, used to 'look to Sweden as the gold standard for education'. Now, he writes, 'the Swedish school system seems to have lost its soul'.³ No other country has experienced such a rapid fall in performance in the OECD's Programme for International Assessment (PISA) league table as Sweden. While housing segregation remains the most important factor behind school segregation, the marketisation of the school system and the introduction of 'freedom of choice' has led to more segregation. The fact that segregation increases with the presence of for-profit schools is true for big cities as well as smaller towns and municipalities.⁴

LOWER LEVELS OF STAFF IN ELDERLY CARE

Privatisation has led to increased precarity in elderly care: Private providers display a high proportion of temporary employment contracts and the proportion of part-time employees is even higher. (Kommunal 2022). The pandemic highlighted the consequences of precarity: According to a survey carried out by the Municipal Workers Union (Kommunal), care homes with Covid-19 outbreaks had a higher proportion of precarious staff.⁵ A research study commissioned by the Swedish state inquiry commission into the consequences of the Covid-19 pandemic came to a similar conclusion, linking higher staff turnover to higher death rates.⁶

MORE EXPENSIVE AND MORE UNEQUAL HEALTH CARE

In 2010, a voucher system was made compulsory in Swedish tax-funded primary care. The aim of the reform was to increase patients' 'freedom of choice' by granting freedom of

1 SOM Institute (2024a).

2 SOM Institute (2024).

3 OECD (2015).

4 Kornhall, P. & Bender, G. (2019).

5 Huupponen (2021).

6 However, the study could not link risk of infection or death rates to differences between public or private providers.

establishment to private for-profit health care providers.⁷ When the Swedish National Audit Office performed the first thorough evaluation in 2014, it concluded that the voucher system had contributed to higher consumption of care, but also to more unequal care. 'The reforms have provided improved contact opportunities with health care and more health centres. But it is mainly patients with less care needs and higher socio-economic status that have been favoured.'⁸ In 2024, an analysis by the Swedish Agency for Health and Care Services estimated that at least 25 per cent of this digital care is new care consumption that does not relieve the health centres.⁹

MORE EXPENSIVE AND LESS EFFICIENT PUBLIC EMPLOYMENT SERVICES

A recent evaluation by the Institute for Evaluation of Labour Market and Education Policy (IFAU) has concluded that the organisation of employment services through a voucher system made the services more expensive and less efficient.

In this report, more examples will be provided of how the Swedish marketization experiment has led to increased inequalities, inefficiencies, bureaucracy, less professional space, segregation, leakage of state funds to private actors, increased lobbyism, corruption and even welfare criminality. It is important to be aware that the commercialization of Swedish welfare services was part of a strategy of creating opportunities for the export of such services. In 2012, the Stockholm Chamber of Commerce forecasted that welfare

exports would be 'the Scania and IKEA of the future'. But, a representative stated, 'In order to enable exports, the home market must first develop. It is about establishing modern compensation systems and making it possible to allow entrepreneurs to grow across municipal and county council boundaries'. Export would not involve offering health care as such, but rather 'the ability to internationalise effective ways of organising care and care concepts'.¹⁰ It's not about exporting welfare services as such, but business models.

Sweden's large-scale privatisations have enabled companies to develop very profitable business models, and have led to very wealthy private welfare providers, often owned by multinational companies and venture capital firms. These companies and venture capital firms are now ready to expand abroad in various welfare sectors.

If not contained, these companies risk:

- 1) outcompeting local providers of welfare services (including non-profit associations) on the markets where they establish themselves;
- 2) strengthening the lobby for increased marketisation and privatisation of the public sector;
- 3) diverting tax funds intended for the delivery of welfare services into profits for international private entities, while undermining the quality and equity of services.

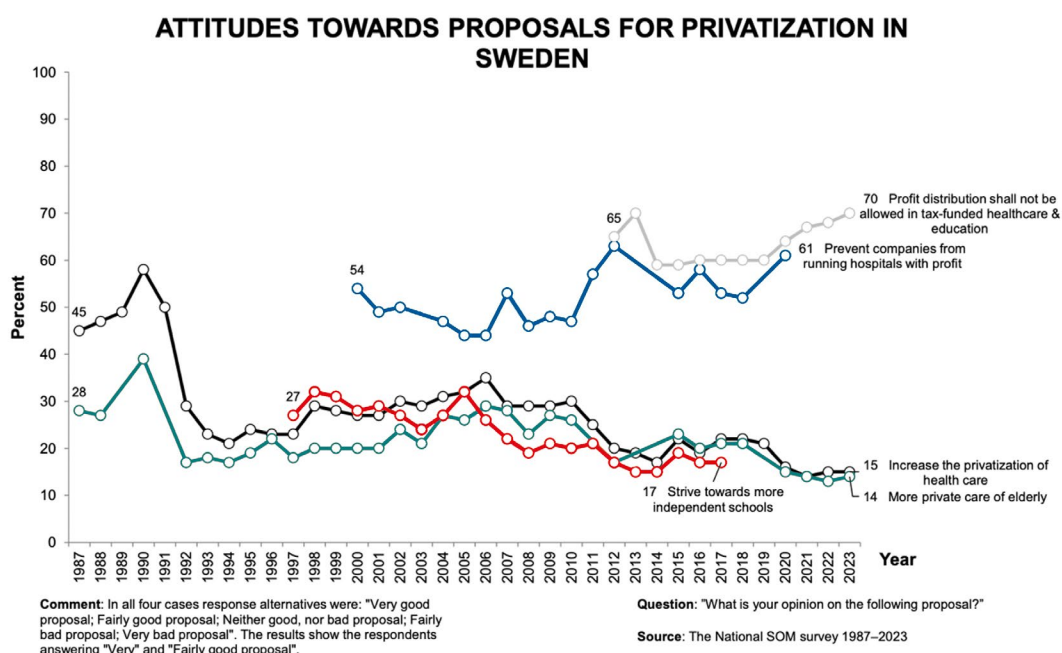
7 Lagradsremiss (2008).

8 Swedish National Audit Office (2014).

9 Swedish Agency for Health and Care Services Analysis (2022).

10 Stockholm Chamber of Commerce [Stockholms handelskammare] (2012).

Figure 1



Source: SOM Institute (2024a), Göteborgs universitet

3

SWEDISH WELFARE COMPANIES ARE EXPANDING INTO GERMANY

Welfare corporations often talk about ‘investing’ abroad yet many welfare services are profitable within a very short period of time without the need to make any substantial investments. In a study conducted by researchers at Umeå University, an anonymous corporation (easily identifiable as the Swedish for-profit private school corporation AcadeMedia) is cited in explaining to its shareholders that ‘Germany shows short ramp-up time and low initial investments’. Break even, they write, is achieved within the first year:

“The fastest and most profitable growth is currently happening in Germany. The major shortage of capacity means that the pre-schools can be filled and reach break even within the first year of establishment. New establishments require limited investment, with the exception of Norway, and also require little or no working capital, because school voucher funding is paid by municipalities in advance.”¹¹
(anonymous pre-school company in 2020, quoted by Carlbaum & Rönnberg 2024, p. 19).

The largest Swedish school corporation AcadeMedia is expanding rapidly abroad. For instance, in February 2024, AcadeMedia bought 113 pre-schools in Finland in one go. AcadeMedia established itself in Germany in 2022 and is expanding fast on the German market. In September 2023, AcadeMedia was already running 89 kindergartens, two primary schools, five secondary schools and adult education centres in Germany. By September 2024, the number of pre-school units had grown to 98 in 6 different Bundesländer. AcadeMedia’s CEO regards Germany as a ‘priority market’: ‘We are continuously assessing further new establishments, but also complementary acquisitions in Germany, in both pre-school and school sectors. Germany is, and will continue to be, a priority market for both pre-school and school operations, going forward,’ he says in a report in July 2024.¹²

One of Sweden’s largest school corporations, the International English School, is also expanding internationally and has bought seven schools in Spain with more than 5,000 pupils. Another example is Kunskaþsskolan, already established in the Netherlands, UK, US and Saudi Arabia.

One example of expansion abroad of Swedish for-profit welfare companies is health care. Swedish health care is heavily privatised, with 46 per cent of primary care run by private, mostly for-profit corporations.¹³ In contrast to what is the case in Germany, in Sweden private health care practices and centres are run by corporations rather than individual physicians or non-profit actors. Together, only five corporations run a majority of private health care providers: Capio, Praktikertjänst, Prima Vård, Kry and Doktor.se. Capio, Sweden’s largest private health care company, alone runs over 100 primary health care centres. In 2018, Capio was bought by the French company Ramsay Santé, a multinational company offering its services to seven million patients in France, Sweden, Norway, Denmark and Italy.¹⁴ Since 2020, Ramsay Santé has been expanding into Germany through the Bergman Clinics, and hopes that through its employees in Scandinavia ‘we will be able to pass on to German clinics the good practices developed in our other clinics’.¹⁵

Kry, Sweden’s largest private company in the digital health care sector, offers digital primary health care through an app. Already from the start, Kry’s goal was to expand on the European market. According to Kry, they’re already Europe’s largest digital health care provider and have established themselves in the UK, Norway, France, and more recently, Germany.¹⁶

11 Carlbaum & Rönnberg (2024).

12 AcadeMedia (2024b).

13 Ekonomifakta (2024).

14 Ramsay Santé (2024a).

15 Ramsay Santé (2024b).

16 Kry (2021).

4

WHY GERMANY SHOULD BE CONCERNED: INCREASING NEEDS CREATE VAST VULNERABILITIES

Germany is an attractive market, as it is almost eight times as big as Sweden.¹⁷ A number of welfare sectors are likely to be particularly interesting for Swedish welfare corporations looking to expand their business abroad.

PRE-SCHOOLS

Germany suffers from a lack of pre-schools. The Kita crisis is real. The shortage of pre-schools in Germany is acute despite the fact that Germany has a statutory right to childcare for children aged one and older. Calculations performed by the private research institute Institut der deutschen Wirtschaft (IW) show that Germany lacks over 306,000 pre-school places for children under the age of three.¹⁸ The German Family Ministry suggests that Germany will lack around 90,000 Kita staff by 2030.¹⁹

SCHOOLS

Berlin and Brandenburg are two examples of Bundesländer that are facing an urgent lack of teachers. In Berlin, there is a shortage of 700 teachers in the 2024/2025 school year, according to the Senate Department for Education, forcing the city to recruit unqualified teachers on short-term contracts to cover needs.²⁰ Brandenburg is facing a similar situation and stands at risk of 'educational collapse' writes Tagesspiegel in July 2024, with a large number of lessons led by unqualified or temporary personnel. Despite attempts by the Bundesland to attract qualified teachers, the results have been limited, making the deficiency a critical issue for the future.²¹

EMPLOYMENT SERVICES

In the Traffic Light Coalition Agreement, education and lifelong learning, (Ausbildung and Weiterbildung) were top priorities, including an Ausbildungsgarantie, promising a vocational education to all young people, and these issues are likely to remain a top priority for the SPD. In Sweden, employment services have been largely privatised, with the Swedish Public Employment Service now merely overseeing private actors, creating a large and profitable home market for pri-

vate for-profit providers of labour brokerage services as well as vocational training, skills enhancement activities, etc. This development has made the services more expensive and less efficient (see section below). Some of the most successful companies on this market, like AcadeMedia ('Sweden's leading adult education provider'), are now expanding into Germany.²²

PRIMARY AND DIGITAL HEALTH CARE

In times of urbanisation and demographic decline, many German Bundesländer are struggling to ensure rural areas have access to health services. When the local doctor retires and closes the local Praxis, it is often difficult to attract a new general practitioner to take over. A number of changes to the regulations have been made to address this problem.

For instance, it is now no longer compulsory for the general practitioner to live in the area he or she serves. Instead, the doctor can live in the city and commute to the local district he or she is in charge of. Also, regulations have made it possible to open local branches, Filialpraxen. According to the Kassenärztliche Bundesvereinigung (KBV), 'in order to get an approval, it is sufficient to prove that the level of service will improve at the local practice branch (Zweigpraxis), without it deteriorating at the original practice (Stammsitz). Moreover, the establishment of branches, Zweigpraxen, can even receive financial support if they expand into poorly serviced areas (unterversorgten Gebieten).'²³

The formerly strictly regulated German 'market' for general practitioners, where the rule has been 'one practitioner - one practice', has thus been changed in a way that potentially opens the door to health care corporations with branches on a regional or even national level.

The coalition agreement between SPD, Die Grünen and FDP called for 'a comprehensive digital take-off' ('einen umfassenden digitalen Aufbruch'). Concretely, under the headline Care and Health Care, the coalition stated that it wanted to enable digital prescription of drugs as well as video appointments, digital counselling and telemonitoring.

17 IMF (2024).

18 The German Economic Institute (2024).

19 The Local (2024). <https://www.thelocal.de/20240815/exp-lained-how-germany-plans-to-solve-its-kita-crisis>

20 RBB24 (2024a).

21 Tagesspiegel (2024).

22 AcadeMedia (2024b).

23 National Association of Statutory Health Insurance Physicians [Kassenärztlichen Bundesvereinigung] (2024).

Not least when it comes to rural areas: The coalition wanted to close the digital divide between urban and rural areas.²⁴

Swedish digital care companies stand ready to invest. Not least since they – thanks to their profitability – have been able to attract international venture capital that is eagerly searching for new, profitable investments.²⁵

Where there is an urgent need for child care, teachers and doctors, politicians face significant pressure to act quickly and address these vital shortages. However, it is equally important not to overlook potential downsides when selecting providers or adopting new structures. Such decisions can lead to long-term financial burdens. The Swedish example serves as a cautionary tale, demonstrating how difficult—if not impossible—it can become to reform a system once it is entrenched.

... ANY SECTOR THAT IS AFFECTED BY SWEDISH ROMANTICISM

This section has attempted to show how social and demographic factors may contribute to making Germany open and vulnerable to the expanding Swedish for-profit welfare services corporations and their lobby.

It is important to highlight an additional 'risk factor': the somewhat romantic view of the Swedish welfare state that has persisted ever since Sweden was described as an archetypical Social Democratic welfare state, a Bullerby ideal.²⁶ This romantic view can be exploited by the Swedish welfare corporations. For instance, when exporting childcare services to Germany, Swedish companies try to invoke a certain imagery. In a study entitled 'We help Germany create greater equality – Logics and rationales in exporting Scandinavian early childhood education and care', researchers at Umeå university conclude that the 'powerful imaginary' of Swedish and Scandinavian early childhood care, 'bringing accessibility, social justice, gender equality, nature, democracy, children's rights and autonomy, serves to conceal the political and ideological dimension of the economic logic of capitalism.'²⁷ These are characteristics of Swedish pre-school pedagogy – but what the corporations are selling is something different.

Swedish (and other Nordic) childcare companies have grown strong thanks to a long standing ambition in the Nordic welfare states to provide publicly funded, universally accessible childcare.

It is indeed ironic that the for-profit corporations try to market themselves as promoting 'social justice' (as in the example above). In practice, for-profit pre-schools will result in an increase in inequality since they have an interest and strategies to segregate children into profitable units. These strategies include directing their marketing towards affluent neighbourhoods and operating with non-transparent waiting lists (enabling the for-profit schools to only accept pupils they believe will be profitable, and not accepting children with larger, non-profitable needs, such as neurodiversity).

Over the past few decades, public funding of kindergartens in Sweden and Norway has been distributed through 'freedom of choice' voucher systems, enabling the establishment of a large sector of tax-funded, for-profit childcare providers (see, for instance, Trætterberg, Sivesind, Paananen, & Hrafnadóttir, 2023).²⁸ There are still child care centres that are run by associations or parent cooperatives, but these are finding it increasingly difficult to compete with the marketing resources of the large corporations.

Abroad, these companies can thus make use of funds they have raised thanks to being very profitable on the Swedish 'home market'. During the first quarter of 2023, AcadeMedia boosted their profit margin by 'three per cent per child'.²⁹ It is important to note that child care is almost entirely funded by taxes. Being profitable thus means finding ways to divert tax funds intended for the delivery of welfare services into the profits of private entities.

24 Sozialdemokratische Partei Deutschlands (2021), p.12, 65, and 102. f

25 It is not news that Germany is struggling to keep pace with digitalisation. While Germany is close to reaching full 5G coverage of households, the European Commission notes in its Germany 2024 Digital Decade Country Report, that 'Germany is second-to-last in the EU when it comes to Fibre to the Premises (FTTP) coverage, currently standing at 29.8% and far below the EU average of 64%.' There is also a persistent urban-rural digital divide in terms of high-speed broadband access. In its conclusions on how Germany meets the targets of the 'Digital Decade', the European Commission urges the country to 'accelerate the level of digitalisation of public services for citizens and businesses', a credo that seems to be shared by the current government.

26 Esping-Andersen (1990).

27 Carlbaum & Rönnberg (2024).

28 Trætterberg, Sivesind, Hrafnadóttir, & Paananen (2023).

29 Dagens Industri (2023).

5

ARGUMENTS IN FAVOUR OF PRIVATISATION OF WELFARE SERVICES – AND WHY THEY DO NOT HOLD

WHAT IS PROFITABLE FOR A PRIVATE COMPANY IS NOT NECESSARILY PROFITABLE FOR SOCIETY

It is important to always keep in mind that the driving force for for-profit providers is to generate profits. This is their *raison d'être*, and it is also the law. All limited liability companies are obliged to make a profit, as is enshrined in company law.

Partly because of the negative experiences made with privatisation in Sweden, the Norwegian Labour-led government launched an enquiry into the organisation of welfare services. The enquiry presented its final report 'The role of commercial and non-profit actors in community welfare services' in 2024.³⁰ The report proposes that private providers of welfare services must be regulated more strictly, and pointed out that it is possible to phase out commercial actors in the welfare sector if there is political will to do so.³¹ The enquiry concludes that although for-profit providers may also be driven by other objectives, 'the profit motive is fundamentally problematic in the welfare sector'.

In welfare services, the interests of the 'customer' in the form of a patient, pupil, caretaker, etc. are not necessarily the same as the interests of society. 'For the individual user, the perceived quality in the moment is certainly of greater importance than who provides the service', the Norwegian enquiry notes, but for society, aspects such as cost-efficiency, provision of services according to need (and not according to demand) are fundamental. If for-profit actors are introduced, there is a risk that they will influence or control the premises for how publicly funded welfare services are provided. An increased customer and market perspective will lead to more demand-driven services, which poses a threat to equality.

All for-profit entities have in common that they are required by law to work for their owners. At the same time, for-profit providers can look very different. Some are small, local companies, others are foreign-owned private equity funds. Their behaviour will differ, but it is difficult for the responsible authorities to design and apply rules that take into account such differences. The Norwegian enquiry draws a simple conclusion: 'Not-for-profit providers do not have external owners or

stakeholders with rights to financial dividends or capital, so they are freer to promote the interests of society – and users.'

PRIVATISATION WILL NOT INCREASE EFFICIENCY, JUST BUREAUCRACY AND COSTS

Privatisation is often presented as a cure to public sector inefficiency, also when inefficiency is caused by underfunding. AcadeMedia Deutschland, for instance, offers to 'relieve' municipalities from the management of pre-schools.³² But introducing private, for-profit actors invariably leads to more bureaucracy, since for-profit actors must be monitored and controlled, do not take responsibility for the system as a whole, and always tend to seek out the most profitable 'clients', leaving less profitable people in a vulnerable position. In the health care sector, private actors will try to favour offering health care to relatively healthy patients, avoiding patients with more complex ailments. In the school sector, private actors will try to establish themselves in socio-economically privileged neighbourhoods, in order to attract pupils from well-off homes that will be easier to teach and require a lower teacher-to-pupil ratio than in low-income areas. A concrete example is when the Swedish state monopoly of pharmacies was abolished. When private for-profit pharmacies were allowed, the number of pharmacies increased, but the greatest increase occurred in municipalities with more inhabitants and higher population density, 25 per cent in the three largest cities alone.³³

There is a 'regulator's dilemma'. Welfare services must be subject to extensive regulation. When for-profit actors are invited into welfare service provision, the need for regulation increases further: 'more market, more regulation'. The problem is that more and more detailed regulations limit the room for manoeuvre of the welfare professionals. With private for-profit providers it is very difficult to implement trust-based governance.

Not only do regulations decrease the space for the welfare professionals, regulations are also costly. There are a number of transaction costs related to designing, implementing and

30 Avkommersialiseringsutvalget (2024).

31 NRK (2024).

32 "Übernahme ihrer städtischen Einrichtungen und damit Entlastung von Verwaltungstätigkeiten", AcadeMedia (2024d).

33 Melander (2023).

reviewing regulations of welfare services. These costs are real, even though they are rarely quantified. Important transaction costs are, for instance, those related to implementing tenders and contracts, to monitoring and penalising breaches of contracts, and managing litigation. On top of this, society always has to stand ready to pick up the bill when private providers fail. Patients cannot be left without care. Children cannot be left without school.

PRIVATISATION WILL NOT INCREASE WAGES OR SOLVE THE PROBLEM OF LACK OF SKILLED LABOUR – BUT LEAD TO WORSE WORKING CONDITIONS

In all welfare services, staff is the largest cost. So, for companies to become profitable, it is not surprising that they will seek to cut staff costs.

In schools and pre-schools, this means that private for-profit actors will try to increase the number of pupils or children per teacher. For-profit actors will also try to make sure that teachers are as cheap as possible, for instance by employing less qualified teachers, or offering them more precarious working conditions. In Sweden, some private schools, for example, systematically employ teachers one semester at a time – a clever way to avoid paying teachers' wages over the long summer break.³⁴

In 2014, the largest trade union for workers in the public sector, the Municipal Workers Union Kommunal, published a thorough analysis of the consequences of privatisation in elder care. In the report, titled 'So much better?' Kommunal compares private, for-profit elder care homes with those operated by the municipalities to find out if privatisation was fulfilling the promise of delivering better wages and better working conditions. The answer was, in short, no.

Kommunal has returned to the subject a number of times. Most recently, in 2022, the report 'So much better?' concluded that 'salaries are generally lower in privately run services. There are more temporary jobs and the proportion of part-time employees is higher. Employees in the private sector are also less satisfied with their workplaces.' Kommunal also notes that the differences keep increasing between public and privately run elder care.³⁵

FREEDOM OF CHOICE WILL NOT ENHANCE WOMEN'S POSITION

In her contribution to 'The Age of the Market', an anthology published as a part of the research programme Neoliberalism in the Nordics, Helena Tolvhed analyses a number of 'market turns' in Sweden and describes how at the onset of neoliberal reforms of the Swedish welfare state, privatisation was portrayed as a feminist reform. The market, she writes, 'emerged as a road to gender equality and increased freedom for women' (Tolvhed 2024, p. 148).³⁶

Tolvhed notes that the context was that in the 1970s, many women indeed had poorly paid jobs: 'It was a reality that many women had poorly paid jobs in the public sector and limited influence over their work situation' (p. 153). In addition, the trade unions that were supposed to defend their rights were all male-dominated.

These problems had to be taken seriously. Not everything was (or is!) good in the public sector. But decades of privatisation of the public sector has not proven to be the cure.

At the time, optimism was high. Tolvhed quotes material produced by the women's association of the conservative party Moderaterna, Moderata kvinnoförbundet, in which they describe a vision of the future when 'the school voucher is following the pupil, the voucher for day care is following the child and the health care check from the public health insurance the patient'. Privatisation in the public sector, writes Tolvhed, was thought to give women a head start and was a chance that could not be missed:

'Let's take care of [the privatisation of the public sector]. We know the public sector, we work in it and make use of it. [...] If we women take care of privatisation, we can seize the opportunity of all times to start our own business, to broaden and influence our work opportunities and conditions. We can shape content and quality.'

This is also an important reminder that markets for welfare services are created, not 'born' or 'freed': Although during the 1980s liberal-oriented politicians and debaters increasingly saw the market as a solution to societal problems, it was more of a metaphor than a reality. Markets for health care services, care and school needed to be created with political help.

Privatisation presented as feminism: Women welfare workers should be given more choice when it comes to employers, and the idea was that competition between different employers would lead to improved working conditions. This has not materialised. Instead, privatisation has meant a deterioration of working conditions.

34 Enfeldt (2022).

35 Kommunal (2022).

36 Tolvhed (2024).

6

THE SWEDISH SCHOOL SYSTEM: MILTON FRIEDMAN'S WET DREAM*

* This section builds on an article previously published jointly by Social Europe and IPS-Journal on 16th May 2022.

When the owner of one of Sweden's largest school corporations, Barbara Bergström, sold shares in her school empire to American investors a few years ago, she earned 918 million krona (almost €90 million). Her remaining shares are now worth another €30 million. The total of the yearly profit made from these companies could fund 8,000 teachers' salaries in Sweden. That would be a total increase of teachers of around 5%.³⁷

PUBLIC FUNDS – PRIVATE PROFITS

Private schools in Sweden are funded not by tuition fees, but by a 'free choice' voucher system introduced by a conservative government in 1992. Currently, 16 per cent of all pupils attend private elementary schools,³⁸ and 30 per cent of all kindergartens are private.³⁹

Ideologically conceived by Milton Friedman, the system is coming under increasing criticism.⁴⁰ Not only because no other country in the world has chosen to copy it,⁴¹ but also because the downsides have become so evident. In particular, school boards across the country are increasingly aware that the owners of private schools treat them as profitable businesses—at the expense of the public schools.

A controversial Social Democratic governance reform in 1991 abolished the state-run schooling system. It was a conservative government under Carl Bildt which the following year introduced voucher-based funding of Swedish public schools. The idea was that pupils and their families should be able to choose how to spend resources allocated for schooling—to attend a publicly run school or bring the voucher to a private school. Since then, municipalities have been in charge of public schools in Sweden and all municipalities are by law obliged to hand out school vouchers (equivalent to the cost of municipal schools) to private schools for each pupil they accept.

PICKING THE MOST PROFITABLE

It sounds fair: All pupils get a voucher ('a backpack full of cash') and everyone gets to choose freely. Yet individual pupils' needs are different and, while the municipal schools have to cater to all children's needs, private schools can pick the most profitable pupils—and still receive the same funding.

Municipalities have a legal responsibility to provide children with access to education close to where they live, be that in a small town or remote village. For-profit schools do not have such an obligation and can establish themselves in the city centre. Nor can municipalities turn pupils down. For-profit schools do this all the time: They put pupils on a waiting list and accept only a profitable quota. Since the greatest costs in schools—teachers and classrooms—are more or less fixed, maximum profits stem from maximising the number of pupils per teacher and per classroom. Waiting lists allow pupils to queue (while attending the default municipal school) until a full (in other words, profitable) classroom can be opened.

VICIOUS CIRCLE

This creates a vicious circle. While private, for-profit schools operate classrooms with 32 pupils (with the funding from 32 vouchers), municipalities have to run schools where classrooms have one, two or maybe five pupils fewer. Less money per teacher and per classroom mathematically increases the average cost per pupil. If the cost per pupil for the municipality rises in its schools, the private schools are legally entitled to matching support—even if their costs have not risen. Public schools lose pupils, and therefore funding, to for-profit schools, while their consequently rising cost-per-pupil delivers a further funding boon to the private schools—which, with the help of this additional support, become even more attractive. All the while, public schools are drained of much-needed resources and so the downward spiral continues.

37 Vi lärare (2020).

38 Skolverket (2024a).

39 Skolverket (2024b).

40 Friedman (1955).

41 Chile had a similar system, but has abandoned it. (Bonal i Sarró 2006).

SOCIALLY-DISADVANTAGED PUPILS ARE LEFT IN THE PUBLIC SCHOOLS

Inevitably, it is mostly privileged kids who are able to exercise their right to attend private schools, so socially-disadvantaged pupils are left in the public schools. This not only favours inequality of performance between schools but also lowers the overall average. High-performing Finland, by contrast, has very low performance gaps between its schools. ⁴²

In her seminal work, 'The Death and Life of the Great American School System', Diane Ravitch describes how making 'freedom of choice' the 'overarching religion' benefits few and harms many, and destroys the public school system. What should be a public service is abused by parents who seek a (white, non-working class) segregated refuge for their children. ⁴³

EAGER TO MEET DEMANDS FOR SOCIAL SEGREGATION BY EXPANDING ABROAD

It seems unlikely that the Swedish school system would be an inspiration to anyone anywhere. But Swedish private schools are highly profitable. Their owners have huge funds to spend and they are eager to meet upper- and middle-class demands for social segregation by expanding their corporations abroad.

The Bergströms' foundation, meanwhile, has donated SEK 60 million to establish a 'professorship in educational organisation and leadership' at the Stockholm School of Economics. ⁴⁴ Friedman would have been impressed.

42 Social Europe Podcast (2022).

43 Ravitch (2010).

44 Stockholm School of Economics (2021).

Box 1

When Maria Montessori's legacy became Montessori Inc.

In Sweden, many non-profit schools have been out-competed by for-profit ones. This has happened to a number of Montessori schools, for instance. Despite Sweden having what is arguably the most generous regulation for non-state actors in the school system, with alternative schools enjoying freedom of establishment and being entitled to 100 per cent of the funding of public schools with no limits placed on the number of students they can accept, non-profit schools still make up a small fraction of the private schools.

One important reason why non-profit schools are so few is the simple fact that small schools do not have the advantages of the economies of scale of larger schools. Most school costs are fixed: the teacher, the classroom, the headmaster. A single additional pupil only changes the costs marginally. But the income of the school is affected dramatically: Each pupil brings 100 per cent of the average cost of a pupil in the municipality. It is highly profitable to run full classrooms, with as few square metres and as few teachers per capita as possible, and this is the business model of the school corporations. For a parent-led Montessori association school, it is impossible to compete with the resources for outreach and marketing that for-profit Montessori schools have access to. That's why a growing number of Swedish Montessori schools are being acquired by AcadeMedia, who run their own 'Montessori' brand, Montessori Mondial. Montessori inc.

7

THE PUBLIC EMPLOYMENT SERVICE: AT THE SERVICE OF PRIVATE ACTORS

In January 2019, the Swedish Social Democrats signed an agreement with the Liberal Party and the Center Party. The so-called January Agreement enabled the formation of the government. A central part of the agreement was the introduction of a voucher system for public employment services, based on the Freedom of Choice Legislation LOV: a large-scale contracting-out of job brokerage and counselling services to independent providers.

Since 2021, the state authority Public Employment Service Arbetsförmedlingen, has no longer been in charge of job placement. The task of mediating between jobseekers and employers has been handed over to private actors. The Public Employment Service has shifted 'from provider to manager of services' as the OECD describes it in its evaluation of the reform.⁴⁵

A team of researchers at the Institute for Evaluation of Labour Market and Education Policy (IFAU) has evaluated the results of the privatisation of Arbetsförmedlingen's job placement activities. Their conclusion was not positive, to say the least.

MORE EXPENSIVE – BUT LESS EFFECTIVE

The job seekers who were assigned to job placement services offered within the 'freedom of choice' system 'Equip and match' ('Rusta och matcha') received significantly more expensive interventions than comparable job seekers who were not assigned to the service. But despite receiving more expensive interventions, they did not enter the labour market faster, nor did they start studying more often than those who were not assigned to private actors.⁴⁶

NO INCENTIVES FOR QUALITY SERVICES IN ALL LOCATIONS, NOR FOR ALL JOB SEEKERS

In its initial evaluation of the above-mentioned voucher-based reform of the public employment service, the OECD warned that 'provider presence will be more difficult to ensure in some parts of the country (especially in more rural and remote areas).'

This should not come as a surprise, since private for-profit providers will locate where the client base is as large and as profitable as possible. There was a risk, according to the OECD, 'that independent providers in the new system will not have adequate incentives to provide high-quality services in all locations, and for all job seekers.'⁴⁷

The OECD recommendations are telling of the limits of effectiveness for contracting-out services such as employment services. In its policy recommendations, in order to make sure there are employment services also in rural areas, the OECD suggests 'alternative strategies to create a more diverse provider landscape', e.g. encouraging non-profit actors. For the 'job seekers furthest from the labour market' (that are not profitable to for-profit providers), the OECD suggests 'continued inhouse services'.

Finally, the OECD suggests de-privatisation: Sweden should, the OECD suggests, 'consider the possibility of allowing municipalities to act as providers in the new contracted-out system or in a separate procurement system for specific geographic areas or for those furthest from the labour market.'

The privatisation of labour market services has created a lucrative market for a number of actors. The largest one is, again, AcadeMedia, a company set to expand in Germany. In its latest interim report, covering July 2024 – September 2024 (published in October) AcadeMedia CEO Marcus Strömberg boasts that 'growth in Germany is good and demand there is expected to remain high'. He adds: 'The Adult Education segment shows strong profit and margin growth, driven by growth in higher vocational training.'⁴⁸

45 OECD (2023).

46 Institute for Evaluation of Labour Market and Education Policy [IFAU] (2024).

47 OECD 2023.

48 AcadeMedia (2024b).

8

HEALTH CARE: HIJACKED BY ONLINE DOCTORS

Box 2

The home page of the digital medical service 'The Menstruation Check', a subsidiary to tax-funded but for-profit health care company Doktor.se, greets its visitors with a simple message: 'Would you like to postpone your menstruation? We help you within 15 minutes. No video call needed. Prescription in 15 minutes. 0 kr until age 20 (otherwise 100 kr).'

So what is this? An accessible, digital complement to a physical medical practice? Is this a great way of making sure that young women who would otherwise clog the waiting rooms at their local general practitioner or primary health care centre are now given the same care in a cheaper and more accessible way?

Or is it an outrageous way of making a profit by offering teenagers a way to chemically interfere with their menstrual cycle? Is it an unnecessary, even potentially dangerous, use of taxpayers' money?

In any case, "The Menstruation Check" illustrates what unchecked promotion of 'freedom of choice' and 'digital care' can lead to.

AN EXPLOSION OF DIGITAL, FOR-PROFIT CARE PROVIDERS

Over the past decade, Sweden has seen a virtual explosion of digital health care services. Some of them, like Doktor.se, Doktor24 and Kry, offer general primary health care. Recently, digital health care services dedicated to a single issue have proliferated. The Menstruation Check, for instance, is one of nine commercial digital health care services called 'Check'. There is also Acne Check, Herpes Check, and – no surprise – Potency Check.

The profitability and subsequent proliferation of digital health care services can be explained by the combination of two pieces of legislation.

- 1) A new Patient Law enabling Swedish patients to seek treatments and care anywhere in Sweden (and the inter-regional compensation system (utomlänsersättning) that funds care outside of the home region) and
- 2) The freedom of choice legislation (lagen om valfrihetssystem LOV) granting freedom of establishment to for-profit primary health care providers

A change in the Patient Law in 2010 gives Swedish patients the right to seek treatments and care outside their residential region. When a patient visits a primary care centre in another region than their own, compensation is paid to this region according to a price list agreed among the regions. This price list, the national agreement for out-of-region care (utomlänsersättning), also provides compensation for digital care.

That is, a patient in the Stockholm region can do a video consultation with a physician connected to a digital care giver registered in another region, and this caregiver can then send the bill to the Stockholm region.

The second decisive piece of legislation is the freedom of choice system legislation (Lagen om valfrihetssystem, LOV) granting the free right of establishment to private for-profit primary care providers. That is, any care provider that fulfils certain criteria is entitled to state funding. As long as these basic criteria are fulfilled, the region, which funds primary care, doesn't have a say on the location of local medical practices or health care centres, and cannot veto their establishment.

The combination of patients' 'freedom of choice' and the freedom of establishment of private for-profit primary health care providers has led to a virtual explosion of digital for-profit care companies such as Menstruation Check.

It is important to note that digital care can indeed be a valuable addition to regular, physical care. Digital care can increase accessibility, and be a cost-effective means of providing care. For instance, many health care centres offer the possibility to renew prescriptions online or by video call.

But, and this is important, the way the Swedish system currently works has made it impossible for Swedish regions to control costs, since patients are free to consume digital care that a number of for-profit companies are happy to provide on demand.

Digital care that is in this way disconnected from the local health care centre and the local practitioner leads to fragmentation and lack of continuity, an important qualitative aspect of health care. Perhaps most problematic is that for-profit digital care providers have incentives to increase their profits by offering and marketing low priority or even unnecessary care. Since digital care providers are funded by the taxpayer, this lower priority care is provided at the expense of higher priority care. A large proportion of registered users of digital care providers are younger people in urban areas, and they belong to higher income segments of the population.

According to a survey performed by SVT (Swedish Public Service Television) in 2023, three out of four health care centres experienced that digital healthcare has created an increased demand for care for minor ailments. An overwhelming majority of the surveyed healthcare centres say this is a problem.⁴⁹ 'Healthcare professionals are stuck in endless digital chats about things that are not healthcare,' says one of the surveyed health care centres. People are getting in touch for much milder symptoms digitally than they would at the physical practice, reports a healthcare centre in Örebro, like people who 'have had a cold for a day'. Since funds are limited, this puts a strain on doctors and nurses. 'This means that fewer people can work with physical care, to where the most seriously ill usually turn,' says Marina Tuutma, President of the Swedish Association of District Doctors.

The healthcare centres are reporting that care seekers 'shop around' among healthcare providers until they get the care they want. 'As soon as we answer that they should just wait (based on the counselling manual we use), they don't accept it and threaten to contact KRY, for example,' says a healthcare centre in Stockholm. Healthcare on demand, rather than according to need.

The organisation of care in freedom-of-choice systems (vårdval), which means that all providers who meet certain basic requirements have a free right of establishment and can operate without cost ceilings or time limits, has not only led to runaway costs and an increasing amount of care being directed towards easily treated patients and profitable medical conditions.

Choice has also been disastrous for the training of new doctors: Private providers have been unwilling or too small to accept medical students doing internships or residencies as part of their training. The experiment in privatising healthcare in Stockholm has thus affected the whole of Sweden, as the Stockholm Region drains the rest of the country of specialist doctors, since the capital no longer manages to train enough.

IT GETS WORSE: BLOOD PRESSURE MEASUREMENTS AT SHOPPING CENTRES AND OZEMPIC PRESCRIPTIONS FOR HEALTHY PEOPLE

The Blood Pressure Doctor (Blodtrycksdoktorn.se) is one of the expanding digital primary health care providers. The Blood Pressure Doctor recruited its first patients by offering to measure people's blood pressure outside shopping malls on busy weekends. Now, it co-operates with Sweden's largest for-profit pharmacy chain, Apoteket Hjärtat, which offers free blood pressure measurements in its pharmacies, and, of course, also sells medication against hypertension. In addition, making operation potentially even more profitable, Blodtrycksdoktorn prescribes Ozempic, the revolutionary Danish drug that has proven not only to be effective in the treatment of diabetes, but also for people who would like to lose weight. The fact that Ozempic is prescribed to people without any medical indication, just to make weight loss easier, has led to serious shortages of Ozempic for people who really need it. Recently, an investigative journalist working for public service broadcasting SVT has proven that digital for-profit care providers do not hesitate to prescribe Ozempic to completely healthy people. Over video call.⁵⁰

Blodtrycksdoktorn recently recruited a high-profile head of development: the former chief economist of the trade union confederation LO.⁵¹ Her recruitment is not a single case, but part of a trend that underlines how for-profit welfare service providers recruit lobbyists from the political sphere, including from the ranks of the Social Democrats.

This is the topic of the next section. But first: a few lines on how Swedish organised crime has shifted their business – from drugs to welfare services.

49 SVT (2023b).

50 SVT (2024b).

51 Svenska Dagbladet (2024).

9

OPEN DOORS TO TAX-FUNDED CRIME

The privatisation of tax-funded welfare services has turned into a profitable business not only for private equity funds, but also for organised crime, contributing to Sweden's escalating problems with criminal gangs. The Swedish Economic Crime Authority, (Ekobrottsmyndigheten) reports that healthcare centres, vaccination services, schools, pre-schools and pharmacies have been taken over by criminal gangsters.⁵²

While in the past, drug trafficking was the major source of income for criminals, in 2023 the Swedish Economic Crime Authority reported that now probably more money is being made from fraud and from crimes involving welfare services.⁵³

Privatisation has thus given organised crime the opportunity to expand its business legally, criminal groups use the legal infrastructure and legal commodity and money flows to enhance their operations.

Criminal gangs have even taken over care units within social services. In August 2024, the Swedish Police Authority published a report warning that at least 13 care homes for children and young people (so-called HVB homes) are run by criminal gangsters, or are under substantial influence of organised crime.⁵⁴ The police also suspect that there may be corruption in the handling of vulnerable children's cases and that municipal administrators may be part of family-based criminal networks.

52 Läkartidningen (2023).

53 Swedish Economic Crime Authority (2024), p.12.

54 Homes for care or residence (HVB) is a service which provides treatment or is focused on care, support or education. HVB homes are run under authorisation/licensing following legal requirements in the Social Services Act, Lag (2001:453) Socialtjänstlagen (SoL).

10

MANAGING POLITICAL RISK - HOW SWEDEN BECAME THE MOST LOBBYIST-DENSE COUNTRY IN EUROPE

In *Globalists: The End of Empire and the Birth of Neoliberalism*, published in 2018, Quinn Slobodian argues that the neo-liberal project is in fact not about rolling back the state from the life of individuals, but rather about strengthening the power of the state to protect private economic interests: 'The neoliberal project focused on designing institutions—not to liberate markets but to encase them, to inoculate capitalism against the threat of democracy, to create a framework to contain often-irrational human behaviour, and to reorder the world after empire as a space of competing states in which borders fulfil a necessary function.'

Swedish welfare companies are indeed equipped with capital and eager investors but they will not expand to Germany on their own accord. They will need political enablers and door-openers. The companies, often multinational companies and venture capital firms, will lobby politicians to convince them of the benefits of deregulation and 'freedom-of-choice' legislation.

This report has attempted to describe the transformation that Sweden has undergone over the last few decades. The ideal welfare 'Bullerby' state, with a highly regulated economy, is no more. Instead, Sweden is now one of the most liberalised Western economies. The changes have been so great that it is no longer possible to describe Sweden as a welfare state.⁵⁵ Reporting from an increasingly deregulated and unequal country, the long-term correspondent for *Le Monde* concluded in 2022 that 'the Swedish model is breaking down'. Sweden is, she writes, 'becoming a counter-model as a result of a neoliberal policy of privatisation, deregulation and the decline of the state'.⁵⁶

It is noticeable that this development does not have public support. Instead, surveys show people would like to forbid for-profit actors in the educational system, for instance.

But so far, efforts to roll back privatisation or limit the role of for-profit welfare enterprises have been very limited⁵⁷, despite people's concerns about the consequences of privatisation and a number of public scandals.⁵⁸ One important reason behind the discrepancy between public opinion and political decisions is lobbying, argue the sociologists Stefan Svallfors and Anna Tyllström in a report for the Institute for Future Studies.⁵⁹

Sweden is also, at the same time, one of the most decentralised countries in the world. The Institute for Future Studies has recently highlighted that this combination of largely marketised welfare services and decentralised services means that there is a large market at the municipal and regional level for private companies to provide public services paid for by the taxpayer. This in turn means that there is much to be gained by influencing municipal decisions about this money. Despite this, regulation of lobbying at the municipal and regional level is almost non-existent. At the same time, there is strong growth in the lobbying industry.

It has become increasingly common for former politicians or politically appointed civil servants to join a lobby firm. Some even join public affairs companies while still serving as elected politicians.

55 Barr & Palme (2021).

56 Hivert (2022).

57 An example is Stockholm, where private providers in some areas of specialised healthcare will no longer receive tax funding.

58 Molander (2017).

59 Svallfors & Tyllström (2017).

11

CONCLUSIONS: DON'T TRY THIS AT HOME (IF YOU CAN AVOID IT)

This report has attempted to show how outsourcing, privatisation and the introduction of voucher systems have transformed Sweden from something of a model welfare state to a neoliberal showcase.

The wave of privatisations that has affected Sweden since the 1990s, and the fact that many of the privatisations have been made through voucher 'freedom-of-choice' systems, has created very wealthy welfare companies. These companies are now hoping to further increase their profits by expanding abroad, particularly to Germany.

This report has therefore tried to issue a warning. There is a risk that Swedish welfare companies – equipped with international venture capital – will play a destructive role in Germany. Firstly, by outcompeting non-profit welfare providers in Germany, just as they have in Sweden. Secondly, by increasing bureaucracy and hurting the quality and equity of welfare services, while at the same time diverting public funds into private profits.

The Swedish case also shows that there is a risk that these companies will attempt to tilt the rules and regulations in their favour. Once established, they are willing and able to defend their access to public funds by investing in lobbying. In Sweden, 70 per cent of voters agree that profits should not be allowed in tax-funded welfare services like healthcare and education. But there is no majority in parliament to roll-back privatisation.

Concretely, German progressives should be aware that there are some sectors that are particularly vulnerable to harmful privatisations, like kindergartens and digital healthcare services, and strong forces working in favour of privatisation.

They might come in a Bullerby disguise, but please be aware they have nothing in common with the Swedish welfare state that is sometimes still idealised in the German debate.

REFERENCES

- 5 **AcadeMedia (2024a).** AcadeMedia etablerar sig i Finland genom förvärv av Touhula [AcadeMedia establishes itself in Finland by being acquired by Touhula]. AcadeMedia, 8 February. Available at: <https://academedia.se/nyheter/academedia-etablerar-sig-i-finland-genom-forvarv-av-touhula/>
- AcadeMedia (2024b).** AcadeMedia's interim report, July 2024 – September 2024. AcadeMedia, 24 October. Available at: <https://academedia.se/nyheter/academedias-interim-report-july-2024-september-2024/>
- AcadeMedia (2024c).** Unsere marken [Our brands]. AcadeMedia, 18 November. Available at: <https://academedia.education/unsere-marken/>
- AcadeMedia (2024d).** Für Kommunen und Städte mit Zukunftsvision. Available at: <https://academedia.de/kommunen-und-staedte/> 5.12.2024
- AcadeMedia (2023).** Delårsrapport juli – september 2023 [Interim report July–September 2023]. AcadeMedia. Available at: <https://wp.academedia.se/app/uploads/2023/12/academedia-delarsrapport-2324-q1.pdf>
- AcadeMedia (2021).** AcadeMedia plan for more openings in Germany. AcadeMedia. Available at: <https://mb.cision.com/Main/14380/3444380/1489410.pdf>
- Avkommersialiseringsutvalget (2024).** Kommersiella och ideella aktörers roll i fellesskapets velferdstjenester [The role of commercial and non-profit actors in community welfare services]. Avkommersialiseringsutvalget, 29 August. Available at: <https://avkommersialiseringsutvalget.no/2024/08/29/kommersiella-og-ideelle-aktors-rolle-i-fellesskapets-velferdstjenester/>
- Barr, D. and Palme, J. (2021).** Ingen talar om att Sverige inte längre är en välfärdsstat. Dagens Nyheter, 20 December. Available at: <https://www.dn.se/debatt/ingen-talar-om-att-sverige-inte-langre-ar-en-valfardsstat/> (Accessed: 14 December 2021).
- Bertelsmann Stiftung (2023).** More places and better quality in day-care centers by 2030 – if decisive action is taken now. Bertelsmann Stiftung, 28 November. Available at: <https://www.bertelsmann-stiftung.de/de/themen/aktuelle-meldungen/2023/november/mehr-plaetze-und-bessere-qualitaet-in-kitas-bis-2030-wenn-jetzt-entschlossen-gehandelt-wird>
- Bonal i Sarró, X. (2006).** Globalización, educación y pobreza en América Latina ¿hacia una nueva agenda política? Barcelona: Fundación CIDOB.
- Bundesregierung (2024).** Initiative for Growth – new economic dynamism for Germany. Bundesregierung, 5 July. Available at: <https://www.bundesregierung.de/resource/blob/998440/2298242/b27ba5f4d51b-2f9bad3a67d4e7234da8/2024-07-08-wachstumsinitiative-en-data.pdf?download=1>
- Carlbaum, S. and Rönnerberg, L. (2023).** We help Germany create greater equality. Logics and rationales in exporting 'Scandinavian' early childhood education and care. Education Inquiry. Available at: <http://urn.kb.se/resolve?urn=urn:nbn:se:umu:diva-215844>
- Dagens Industri (2023).** Ökad vinst för AcadeMedia – 3 procent högre lönsamhet per barn [Increased profit for AcadeMedia – 3 percent higher profitability per child]. Dagens Industri, 5 May. Available at: <https://www.di.se/live/okad-vinst-for-academedia-3-procent-hogre-lonsamhet-per-barn/>
- Dagens Nyheter (2022).** Barbara Bergström: Kritiken mot vår skola har inget med verkligheten att göra. Det är bullshit [Barbara Bergström: The criticism of our school has nothing to do with reality. It's bullshit]. Dagens Nyheter, 12 January. Available at: <https://www.dn.se/sverige/barbara-bergstrom-kritiken-mot-var-skola-har-inget-med-verkligheten-att-gora-det-ar-bullshit/>
- Egebark, J., Laun, L., Liljeberg, L., Rödin, M., Söderström, M., Videnord, E. and Vikström, J. (2024).** En effektutvärdering av arbetsförmedling med fristående leverantörer [An impact evaluation of job placement with independent providers]. IFAU. Available at: <https://www.ifau.se/Forskning/Publikationer/Rapporter/2024/en-effektutvardering-av-arbetsformidling-med-fristaende-leverantorer/>
- Ekonomifakta (2024).** Vårdcentraler i privat regi [Private health care centres]. Ekonomifakta, 5 January. Available at: https://www.ekonomifakta.se/sakomraden/foretagande/offentlig-sektor/vardcentraler-i-privat-regi_1210137.html
- Enfeldt, J. (2022).** Vad får du för skolpengarna?: Så fungerar skolsystemet, därför fungerar det inte, så kan du göra något åt det. [What do you get for the school money?: This is how the school system works, that's why it doesn't work, so you can do something about it]. Stockholm: Atlas.
- Esping-Andersen, G. (1990).** The three worlds of welfare capitalism. Cambridge: Polity.
- Frankfurter Rundschau (2024).** One in seven small children in Germany does not receive a daycare place. Frankfurter Rundschau, 9 November. Available at: <https://www.fr.de/ratgeber/familie/jedes-siebte-klein-kind-in-deutschland-erhaelt-keinen-kita-platz-zr-93371131.html>
- Friedman, M. (1955).** 'The role of government in education', in Solo, R. A. (ed.) Economics and the Public Interest. New Brunswick: Rutgers University Press. Available at: <https://la.utexas.edu/users/hcleaver/3307/350kPEEFriedmanRoleOfGovttable.pdf>
- German Economic Institute (2024).** Kinderbetreuung: Bundesweit fehlen über 306.000 U3-Kitaplätze. [Childcare: There is a lack of over 306,000 U3 daycare places nationwide]. German Economic Institute, 19 October. Available at: <https://www.ivkkoeln.de/presse/pressemitteilungen/wido-geis-thoene-bundesweit-fehlen-ueber-306000-u3-kitaplätze.htm>
- Hivert, A-F. (2022).** The Swedish Model is breaking down. Le Monde, 21 December.
- Huopponen, M. (2021).** On the Corona Frontline: The experiences of care workers in Sweden. Stockholm: FES.
- Institutionen för vård och omsorg (2024).** Homes for care or residence (HVB) (SoL). Institutionen för vård och omsorg. Available at: <https://www.ivo.se/other-languages/authorisations/sol-activities/homes-for-care-or-residence-hvb-sol/>
- IMF (2024).** World Economic Outlook Database. Available at: <https://www.imf.org/en/Publications/WEO/weo-database/2024/October>
- Institute for Evaluation of Labour Market and Education Policy [IFAU] (2024).** En effektutvärdering av arbetsförmedling med fristående leverantörer. [An impact evaluation of job placement with independent providers]. Available at: <https://www.ifau.se/Forskning/Publikationer/Rapporter/2024/en-effektutvardering-av-arbetsformidling-med-fristaende-leverantorer/>
- Internationella Engelska Skolan (2024).** Our schools. Internationella Engelska Skolan. Available at: <https://engelska.se/our-schools/>
- International Education Partnership (2024).** International Education Partnership. Available at: <https://www.iepgroup.es/en/>
- Kornhall, P. and Bender, G. (2019).** School segregation in Sweden: evidence from the local level. NESET. Available at: <https://neset-web.eu/en/resources/library/school-segregation-in-sweden-evidence-from-the-local-level/>
- Kommunal (2022).** Så mycket bättre: En rapport om löner och villkor inom den offentliga och privata sektorn. Available at: <https://www.kommunal.se/nyhet/sa-mycket-bättre-en-rapport-om-loner-och-villkor-inom-den-offentliga-och-privata>
- Kry (2021).** Kry secures \$300m investment to accelerate European expansion plans. Pressrelease. Kry, 27 April.

Lagrådsremiss (2023). Vårdval i primärvården. Lagrådsremiss, 23 October.

LO (2024). LOs jämställdhetsbarometer 2024. Available at: https://www.lo.se/start/lo_fakta/rapporter/los_jamstalldhetsbarometer_2024.

Läkartidningen (2023). Ekobrottsmyndigheten: Ny trend – kriminella driver vårdcentraler [The Swedish Economic Crime Authority: New trend – criminals run health care centers]. Läkartidningen, 2 October. Available at: <https://lakartidningen.se/aktuellt/nyheter/2023/10/ekobrottsmyndigheten-ny-trend-kriminella-driver-vardcentraler/>

Malmberg, B. and Andersson, E. (2024). En analys av befolkningsutveckling och skolstruktur i Sverige. Stockholm: Institutet för framtidsstudier.

Melander (2023). Så förändrades tillgång till apotek i svenska kommuner. Vertikals, 31 januari. <https://ju.se/portal/vertikals/blogs/charlotta-mellander/bloggposter/2023-01-31-sa-forandrades-tillgang-till-apotek-i-svenska-kommuner.html>

Molander, P. (2017). Dags för omprövning – en ESO-rapport om styrning av offentlig verksamhet. Stockholm: Rapport till Expertgruppen för studier i offentlig ekonomi.

National Association of Statutory Health Insurance Physicians [Kassenärztlichen Bundesvereinigung] (2024). Ärztemangel [Scarcity of physicians]. https://www.kbv.de/html/themen_1076.php

NRK (2024). Utvalg mener det er mulig å fase ut kommersielle aktører [The committee believes it is possible to phase out commercial actors]. NRK, 29 August. Available at: <https://www.nrk.no/nyheter/utvalg-mener-det-er-mulig-a-fase-ut-kommersielle-aktorer-1.17021814>

OECD (2024). Education at a Glance 2024: OECD Indicators. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/eag-2024-en>.

OECD (2023). Organisation of public employment services at the local level in Sweden. OECD Local Economic and Employment Development (LEED) Papers, No. 2023/03. Paris: OECD Publishing. Available at: <https://doi.org/10.1787/24edca19-en>

OECD Education and Skills Today (2015). How Sweden's school system can regain its old strength. OECD, 4 May. Available at: <https://oecd-today.com/how-swedens-school-system-can-regain-its-old-strength/>

RBB24 (2024). Lehrkräftemangel: Für das kommende Schuljahr fehlen in Berlin knapp 700 Lehrkräfte. RBB24 Inforadio, 25 June 2024.

Ramsay Santé (2024a). History and Key Figures of Ramsay Santé. Ramsay Santé, 10 November. Available at: <https://www.ramsaysante.eu/history-and-key-figures-of-ramsay-sante>

Ramsay Santé (2024b). The Bergman Clinics takes another step forward in its growth strategy with the acquisition of six facilities in Germany. Ramsay Santé, 16 September. Available at: <https://press.ramsaysante.eu/communiqu/207648/The-Bergman-Clinics-Group-takes-another-step-forward-in-its-growth-strategy-with-the-acquisition-of-six-facilities-in-Germany?cm=1>

Regeringskansliet (2023). Vägval för välfärden: Reformen för en hållbar framtid. Regeringskansliet. Available at: <https://www.regeringen.se/rapporter/2023/08/vagval-for-valfarden/>

Regeringskansliet (2024). Vårdval i primärvården: Regeringens utredningar och rapporter. Stockholm: Regeringskansliet.

Riksrevisionen (2023). Offentliga upphandlingar: Effektivitet och transparens. Riksrevisionen. Available at: <https://www.riksrevisionen.se/rapporter/offentlig-upphandling-effektivitet-transparens.html>

Sahlberg, P. (2011). Finnish lessons: What can the world learn from educational change in Finland? New York: Teachers College Press.

SOM Institute (2024). Swedish Trends 1987–2023. Available at: <https://www.gu.se/sites/default/files/2024-04/Swedish%20Trends%201986-2023.pdf>

SOU (2024). Stärkt styrning av välfärdstjänster. Stockholm: Statens Offentliga Utredningar.

Sozialdemokratische Partei Deutschlands (2021). Koalitionsvertrag [Coalition agreement].

Statskontoret (2024). Utvärdering av valfrihetssystem inom vården. Statskontoret. Available at: <https://www.statskontoret.se/rapporter/2024/utvardering-valfrihet-varden/>

Stockholm Chamber of Commerce [Stockholms handelskammare] (2012). Vi klarar inte välfärden utan välfärdsföretag. Press release, 28 March.

Stockholm School of Economics (2021). SSE is establishing a new professorship in educational organization and leadership, SSE 9 April.

Svallfors, S. & Tyllström, A. (2017). "Lobbying for Profits: Private Companies and the Privatization of the Welfare State in Sweden". Arbetsrapport/Working Paper 2017:1. Institutet för framtidsstudier/Institute for Futures Studies.

SVT Nyheter (2024). Vinstuttag i välfärden ökar: „Allvarligt för tilliten“. Available at: <https://www.svt.se/nyheter/ekonomi/vinstuttag-i-valfarden-okar-allvarligt-for-tilliten>.

SVT Nyheter (2024b). Sjuka har svårt att få Ozempic – kraftig ökning av förskrivningar för viktnedgång. SVT, 9 September.

SVT Nyheter (2023). Kommuner överväger att ta tillbaka driften av äldreboenden. SVT Nyheter, 12 December. Available at: <https://www.svt.se/nyheter/lokalt/kommuner-overvager-ta-tillbaka-driften-av-aldreboenden>

SVT (2023b). Larmet från vårdcentralerna: Yngre söker vård i onödan. SVT, 21 June. <https://www.svt.se/nyheter/inrikes/yngre-soker-vard-i-onodan>

Svenska Dagbladet (2024). Skolkoncernernas framfart: Vad innebär det för svensk utbildning? Svenska Dagbladet, 7 January.

Svenska Dagbladet (2024). Var chefsekonom på LO – nu vårdlobbyist. Svenska Dagbladet, 12 September. <https://www.svd.se/a/fjQOEKe/laura-hartman-var-chefsekonom-pa-lo-nu-vardlobbyist>

Svenskt Näringsliv (2023). Privata företag bidrar till välfärden. Available at: https://www.svensktnaringsliv.se/sakomraden/valfard/privata-foretag-bidrar-till-valfarden_120133.html

Sveriges Kommuner och Regioner (SKR) (2023). Vård och omsorg: Statistik och analys. Stockholm: SKR.

Swedish Agency for Health and Care Services Analysis (2022). Besök via nätet: Resursutnyttjande och jämlikhet kopplat till digitala vårdbesök. Rapport 2022:1. Swedish Agency for Health and Care Services Analysis. <https://www.vardanalys.se/rapporter/besok-via-natet/> p. 111.

Swedish Competition Authority (2023). Konkurs och kvalitet i valfrihetssystem. Swedish Competition Authority. Available at: <https://www.konkurrensverket.se/konkurrens-och-kvalitet-valfrihetssystem/>

Swedish Economic Crime Authority [Ekobrottsmyndigheten] (2024). Årsredovisning 2023 [Annual report 2023]. Ekobrottsmyndigheten. Available at: <https://www.ekobrottsmyndigheten.se/wp-content/uploads/2023/04/ebm-arsredovisning-2023.pdf>

Swedish National Agency for Education [Skolverket] (2024a). Enskilda huvudmän i grund- och gymnasieskolan. Rapport 2024:4.

Swedish National Agency for Education [Skolverket] (2024b). Barn och personal i förskola Hösten 2023. Beskrivande statistik.

Swedish National Audit Office (2023). Swedish National Audit Office: The results of market-oriented reforms in education. Available at: <https://www.riksrevisionen.se/en/about-us/news/2023/market-oriented-reforms-in-education>

Swedish National Audit Office (2014). Primärvårdens styrning – efter behov eller efterfrågan? Granskningsrapport RIR 2014:22.

Statistics Sweden (2024). Population statistics 2024. Available at: <https://www.scb.se/en/finding-statistics/statistics-by-subject-area/population/population-statistics>

Tagesspiegel (2024). Lehrermangel in Brandenburg: Eltern und Schüler befürchten Bildungs-Kollaps. Tagesspiegel, 16 July.

The Economist (2023). For-profit schools are reshaping education in Sweden. Available at: <https://www.economist.com/europe/2023/12/01/for-profit-schools-are-reshaping-education-in-sweden>.

The Guardian (2024). Sweden's welfare state faces challenges amid privatization reforms. Available at: <https://www.theguardian.com/world/2024/jan/17/swedens-welfare-state-challenges-privatization-reforms>.

The Local Sweden (2023). Sweden's education system: What went wrong? The Local Sweden, 15 March. Available at: <https://www.thelocal.se/20230315/swedens-education-system-what-went-wrong>

Thomsen, C. (2024). Jugendliche zu Morden erpresst?: Wie Schweden gegen Bandenkriminalität kämpft. ZDFheute, 21 June.
Tillväxtanalys (2024). Effekter av privat drift i offentlig sektor. Stockholm: Myndigheten för tillväxtpolitiska utvärderingar och analyser.

Trætteberg, H. S., Sivesind, K. H., Paananen, M., Hrafnadóttir, S. (2023). Quasi-market regulation in early childhood education and care: Does a Nordic welfare dimension prevail? *Nordic Studies in Education*, 43(1), 60–77. <https://doi.org/10.23865/nse.v43.4006>

UNDP (2023). Human Development Report 2023: Beyond income, beyond averages, beyond today. New York: United Nations Development Programme. Available at: <https://hdr.undp.org/en/2023-report>.

UNICEF (2023). Childcare provision in high-income countries: A comparative study. UNICEF. Available at: <https://www.unicef.org/research/child-care-provision-high-income-countries>

Vetenskapsrådet (2024). Forskningsöversikt om valfrihetssystem i välfärden. Vetenskapsrådet. Available at: <https://www.vr.se/forskningsoversikt-valfrietssystem-valfarden.html>

Vetenskapsrådet (2023). Privata aktörer i svensk välfärdssektor. Stockholm: Vetenskapsrådet.

Vi Lärare (2020). De största friskolornas överskott motsvarar årslön för 8000 lärare. [The largest independent schools' surplus corresponds to the annual salary of 8,000 teachers]. Vi Lärare, 11 oktober.

WHO (2023). World Health Statistics 2023. Geneva: World Health Organization. Available at: <https://www.who.int/data/gho/publications/world-health-statistics>.

World Bank (2023). World Development Report 2023: Education systems and economic growth. Washington, DC: World Bank. Available at: <https://www.worldbank.org/en/publication/wdr2023>

World Economic Forum (2023). The role of private actors in education systems. World Economic Forum. Available at: <https://www.weforum.org/agenda/2023/10/private-actors-education-systems/>

ABOUT THE AUTHORS

Lisa Pelling holds a doctorate in political science from the University of Vienna and is the head of Arena Idé, a progressive non-partisan think tank funded by the Swedish trade union movement.

lisa.pelling@arenagruppen.se

Mia Laurén has over 15 years of experience in leading positions in civil society, culture and journalism and has worked with international development issues and sustainability. She is a communications strategist at Arena Opinion.

mia.lauren@arenaopinion.se

IMPRINT

Published by:
Friedrich-Ebert-Stiftung Nordic Countries
Barnhusgatan 10
111 23 Stockholm
Sweden

Responsible:
Kristina Birke Daniels | Director | FES Nordic Countries
Phone: +46 768 486 705
<https://nordics.fes.de>

Contact/Orders: Josefin.Fuerst@fes.de

Layout: Arena Opinion

The views expressed in this publication are not necessarily those of the Friedrich-Ebert-Stiftung. Commercial use of media published by the Friedrich-Ebert-Stiftung (FES) is not permitted without the written consent of the FES. Publications by the Friedrich-Ebert-Stiftung may not be used for electioneering purposes.

© 2025



DON'T TRY THIS AT HOME

Exporting Sweden's neoliberal welfare experiment



Outsourcing, privatisations and the introduction of voucher systems have since the 1990s marketised welfare services to a larger extent in Sweden than in any other European country. This has transformed Sweden beyond recognition: what was once often portrayed as a social democratic ideal, is now more of a neoliberal showcase.



This report describes some of the consequences of this development and maps efforts by Swedish for-profit welfare companies to expand their businesses and business models abroad – particularly to Germany.



This is a warning to German progressives: don't try this at home. If you can avoid it.

For more information on the topic, visit:

www.fes.de/stiftung/internationale-arbeit