The politics of profit in Swedish welfare services
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Introduction

A central element in the building of the post-war Swedish welfare state was that publicly funded, publicly provided high-quality welfare services should be offered to and used by all social groups. That the services should be provided by the public sector was critical to social democratic reformers, because ‘only by providing services itself could the state guarantee access to high quality social services for all citizens’ (Blomqvist 2004: 143–144). Public provision of health care, schools, childcare, eldercare and other welfare services was thus a crucial aspect of the egalitarian ambitions that guided the Social Democratic architects behind the Swedish welfare state. Yet over the last quarter of a century, the ownership structure of the Swedish welfare service system has been radically transformed, from the almost total dominance of the public sector to a mix of public and private, in which the latter is almost entirely for-profit. The rise of the for-profit sector has not, for the most part, been problematised by the Social Democratic policy-makers who might have been expected to react; nor was it, until recently, the subject of broader public debate.

The aim of this paper is to explore why it took so long for profit to become a contested issue in Swedish welfare politics, and to examine the terms of this contestation and the actors involved in it.

The growth and structure of for-profit provision of welfare services in Sweden

In this section, we establish the contours of private, for-profit provision in Sweden today. In some service types and geographical areas (for example, the sparsely populated north), there is little for-profit provision, while in Stockholm, for-profit providers dominate in some fields, notably eldercare and primary health care. Overall, however, a significant share of welfare services is now provided for profit, evidence of profound change in the organising ideas and institutions of the Swedish welfare service system. We would have preferred to present time-series to show the emergence and growth of the for-profit sector by service type. However, reporting of ownership is patchy and the distinction between for-profit and non-profit has not been used systematically – for reasons it is partly the purpose of this article to explain. Thus the data presented below have necessarily been assembled – by us or by other researchers – from a variety of sources.

It has been assessed that in total, 150,000 employees were working privately provided welfare services in 2016; an increase from 37,000 in 1993 (SALAR 2016, p. 83). Over the last ten years, the share of for-profit provision of welfare services (taken together) has more than doubled, while the size of the non-profit sector has remained small (ibid. pp 14 and 32). In health care, the hospital sector has continued to be almost entirely publicly run, while for-profit companies provided more than 40 per cent of primary health care in 2015 – a considerable increase since the early 2000s (Ibid., p. 9). In 1992 there were no for-profit schools and only 2 per cent of Swedish school children went to a private, non-profit school. In 2014, 22 per cent of the children in upper secondary school went to a for-profit school and 4 per cent to a non-profit school, and 9 per cent of children in compulsory school went to a for-profit and 5 per cent to a non-profit school. In pre-schools, where parental cooperatives and other non-profit actors already had a comparatively important role in the 1980s, in 2014 the 20 per cent of children in private pre-schools were evenly divided between for-profit and non-profit pre-schools.¹. In 1993, in eldercare and disability services taken together, 0.7 per cent of the staff were employed by a for-profit company and 1.8 per cent by a non-profit organisation. In 2010, the proportions were 16 and 3 per cent, respectively (Sezbehely (2011). Since then the for-

profit sector has continued to grow and in 2014, 20 per cent of the direct care workers in eldercare were employed by for-profit companies and 2 per cent by non-profit organisations. For-profit provision has also grown in individual and family services, such as family support, residential care for children and drug and alcohol rehabilitation, which reach smaller groups. In residential care for children, for example, for-profit provision has grown from zero in 1980 to 46 per cent of beds in 2014 (Meagher et al. 2015).

Not only has the for-profit sector increased its share of provision since the early 1990s, but its structure and business models have also changed. From the earliest days of for-profit private provision, large companies had a presence, but by the mid-2000s, concentration of ownership in all areas of welfare services had become obvious. Facilitating deepening concentration during the 2000s was investment by international private equity firms, which moved into Swedish welfare services, and still have a presence. These corporations have often grown rapidly by acquisition, which has resulted in some very large companies in specific sectors, and some very large ‘care conglomerates’ offering many different services. Once large, some companies have also begun to expand operations yet further by building their own facilities rather than waiting to win outsourcing contracts. Moreover, in recent years, several large corporations have moved from private equity ownership to being listed on the stock exchange, with explicit recognition of the declining risk of policy changes detrimental to the private sector.

Some examples give a sense of the extent of concentration and conglomeration. In the school sector, one corporation has a dominating role: Academedia. This company was listed on the Stockholm stock exchange in 2001, purchased by private equity company EQT in 2010 and listed again on the stock exchange in 2016. In 2015, Academedia had 14,000 employees and a turnover of 8.2 billion SEK (an increase from 2.7 in 2011). The same year, 60,000 children went to pre-schools or schools run by Academedia, corresponding to more than one quarter of the children in Swedish for-profit pre-schools/schools. The company was also engaged in education of 80,000 adults in Sweden, mainly recently arrived migrants, and in pre-schools in Norway and Germany. In the health care sector there are three large corporations: Capio with a turnover of 13.2 billion SEK, Praktikertjänst (10 billion) and Aleris (7.5 billion); the latter is also active in eldercare and in social services (Grant Thornton 2015).

In eldercare two corporations dominate: Ambea and Attendo; see also Harrington et al. (2017). Ambea has been owned by different international private equity funds since 2005, and had a turnover of 8.5 billion SEK in 2014. Attendo is even bigger and has grown faster. In 2015, the company had 19,000 employees in the Nordic countries and a turnover of 9.8 billion SEK (up from 5 billion in 2008). Attendo was owned by the private equity fund IK Investment between 2006 and 2015, when it became listed on the Stockholm stock exchange with a value of 8.0 billion SEK. Both companies are active in Sweden and Finland, Attendo runs also some services in Denmark and Norway. In 2015, the two companies together ran half the for-profit residential care for older people in Sweden, and Attendo had also one fifth of the private home care market. Both companies are

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2 Statistics Sweden (2016a) Yrkesregistret.
3 See Meagher et al. (2015) for examples from the social care sector.
4 In the years 2011-2015, Attendo acquired no fewer than 52 health and social care companies in the Nordic region; see http://www.attendo.com/sv/investerare/f%C3%B6rv%C3%A4rvoch-avyttringar
5 Various references to be added.
care conglomerates, engaging in health care, disability services and various forms of social care including for asylum seeking minors, in addition to eldercare.

Further, the private welfare sector is very profitable. In 2014, average return on equity was 27.5 per cent in all three sectors (education, health care and social care), compared to 14.3 per cent in the service sector overall (Statistics Sweden 2016b). With the exception of Aleris, the above mentioned corporations had an EBITDA of 8 per cent or more in 2014 (Grant Thornton 2015 and www.academedia.se).

Public debate about profit in welfare services

In this section, we consider historical development of public debate on for-profit provision of welfare services since the 1980s, as represented in major policy documents, specifically in key government bills and government commissions of inquiry. From 1990, we are able to supplement the policy document analysis, to trace the broader public debate about for-profit provision through a media analysis.

*The 1980s: Contesting the public sector*

After World War Two, a comprehensive and extensive public social service system was consolidated in Sweden, underpinned by the egalitarian commitments of Social Democratic governments. However, during the 1980s, alternative framings of public services emerged on both right and left and these obscured or challenged the traditional egalitarian and solidaristic frame that had earlier animated social democracy in Sweden. Public provision (if not public financing) became contested, opening the way for reforms that enabled the growth of the for-profit sector.

One critical change was that the main employers’ organisation, the Swedish Employers’ Confederation (SAF; today the Confederation of Swedish Enterprise), withdrew its support for the corporatist norms and institutions of the Swedish model, and began to direct significant resources to influencing public opinion in favour of market solutions and business interests (Blyth 2001). In the late 1970s, SAF had begun working with Sweden’s first PR company, Kreab, on this broad agenda (Tyllström, 2013). In the early 1980s, SAF and the conservative Moderate Party became openly critical of what they framed as the public sector monopoly in welfare services, and SAF supplemented its own well-funded and extensive work in actively promoting this critical perspective by funding a neoliberal think tank, Timbro. These actors framed the wasteful and overly bureaucratic public sector as the problem, and proposed privatisation and consumer choice as the solutions (Blomqvist, 2004). In addition to the ideological attack on the public sector, SAF actually created a for-profit childcare company, called Pysslingen, in a tactic designed to generate controversy and to act as a ‘battering ram’ against the public monopoly (Svanborg-Sjövall 2011, cited in Jordahl 2013: 48).

Significantly, ideas critical of the public sector also took hold within the Social Democratic party itself, which had ruled for most of the postwar period, and was in power from 1982 to 1991. Two sets of ideas, drawn from different contemporary currents, were important. One was the neo-classical economists’ critique of the public sector as inefficient and promotion of competition as the path to better use of public money. This current shared key ideas with those put on the agenda by SAF, and

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6 Kreab was established by three young Moderates in 1970, one of whom was Peje Emilsson, who later became a school and eldercare entrepreneur.
was propagated within the government by neo-classically trained economists in the Ministry of Finance (Meagher and Szebehely 2013). The other current was inspired by democratic ideals, criticising the public sector as bureaucratic and focusing on empowering citizens in their role as service users (Antman 1994). As Peter Antman (1994) argues, this combination of arguments for competition and against bureaucracy paved the way for marketisation because neither of these critiques of the public sector stressed the egalitarian ambition which had been a crucial justification among the builders of the post-war welfare state for why the local state should not only fund but also provide welfare services.

The two streams of criticism are clearly visible in various social-democratic political documents from the mid-1980s. Very rarely do these documents mention the redistributive role of the welfare state and, with a single exception, they do not discuss whether for-profit and non-profit actors may have different driving forces or should be treated differently. The exception is a Government Bill from 1983, in which the Social Democrats responded to SAF’s establishment of Pysslingen. The government argued that childcare provided by profit-making companies should be ineligible for the state subsidies that were available to municipal and non-profit organisations. The resulting legislation became popularly known Lex Pysslingen (Brennan et al. 2012).

Less than a decade later, however, the Social Democratic government began work that would result in the presentation of a Bill preceding the new Local Government Act (Government Bill 1990/91:117), which opened up for private providers across all welfare services. The government expressed hopes that a private sector comprising mission-driven and cooperative non-profit actors and to some extent small companies would emerge to complement and invigorate the public sector. However, the text of the Bill neither used nor discussed the distinction between for-profit and non-profit. The legislation states that local authorities can hand over the responsibility to provide all kind of services (except those requiring exercise of statutory authority) to any kind of organisation, including a ‘joint stock company, trading company, economic association or mission-driven association’. The fact the two first mentioned organisations are for-profit and the two latter are not is not discussed. Policy documents and statistics of the time distinguish the public from ‘alternative’ providers, and among the latter, they do not distinguish for-profit and non-profit organisations.

Shortly after the parliament had legislated the new Local Government Act, the Social Democrats lost power, and the incoming right-centre coalition proclaimed a ‘Freedom of choice revolution’. Within a month of the change of government, ‘Lex Pysslingen’ was abolished. Justified by reference to choice, and with expectations of increased quality and cost efficiency, for-profit childcare now became eligible for state subsidies (Government Bill 1991/92:65). In the parliamentary debate the Social Democrats argued that this would lead to segregation, gesturing towards the egalitarian policy principle that had underpinned universal public provision. But Social Democrats did not explicitly argue against profit per se, and when they returned to power in 1994, they did not reinstate the prohibition on for-profit provision.
1990-1998: For-profit provision grows relatively uncontested

In the 1990s, following the introduction of the new Local Government Act, for-profit provision began to grow and large companies established their presence. Yet this did not attract much public attention across the decade, as measured by media coverage, shown in Figure 1, which charts the number of articles about profit in welfare services (health care, schools, childcare, eldercare and other social care services) in newspapers of the major cities in Sweden from 1990-2016.7

Problems in welfare services often come to public attention in the form of media scandals, which frame the problems and attribute blame (Jönson 2016). In 1997, a care scandal occurred in a home outsourced to ISS Care, one of the five biggest care companies at the time, and later part of Aleris. A nurse assistant, Sarah Wägnert, reported in the national television news that there were staff shortages and maltreatment of residents in a nursing home in the Stockholm area, Polhemsgården. The reported problems in Polhemsgården did receive significant media coverage. However, the word ‘profit’ was not mentioned in articles reporting and analysing the scandal. A few days after the first media reports, the local authority ceased the contract with the company, and a change in national policy ensued in 1999. However, this change did not relate to ownership regulation. Rather, a new paragraph was added to the Social Services Act stating that staff are required to report deficiencies in care services, private or public. This new provision was named ‘Lex Sarah’ after the whistle-blowing nurse (Erlandsson et al. 2013: 44).

Figure 1. Articles about profit in welfare services in Swedish media 1990-2016

1999-2009: Some social-democratic initiative to restrict profit-making and some media attention

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7 The data base contains more than 270 million newspaper articles from around the world, see www.retriever-info.com/en. The analysis is based on the largest newspapers in Sweden (‘storstadspress’), including both broadsheet and tabloid papers of the major cities, some of which function as national newspapers. Articles were selected that included the word profit (‘vinst’) in heading or the first paragraph together with welfare, school or care (in Swedish: vinst* and (vålfårds* or skol* or friskol* or vård* or äldreomsorg*). As the Swedish word ‘vinst’ means profit as well as gain (benefit more broadly) and winnings/prize (in lotteries etc), articles where ‘vinst’ is used the latter meanings have been excluded manually. In the search which was conducted June 05, 2017, 2,578 articles were found of which 1,919 are included in the analysis.
The role of profit-making companies in health care and in schools began to come onto the political agenda in 1999. One precipitating event was the purchase, by investment company Capio, of a large acute hospital in Stockholm, St Göran. The Social Democratic Minister of Health responded in November 2000 with a Government Bill (2000/01:36), which led to a two year prohibition (stopplagen or ‘stop law’) on out-sourcing or selling hospitals to for-profit companies. About at the same time, the Minister of Education expressed similar worries about profit-making schools. The Minister directed an existing committee, which was examining monitoring of the distribution of resources to ‘free-standing’ compulsory schools, to investigate whether it is ‘advisable that private profit interests steer the establishment’ of schools (Dir 1999:76). However, in this case, the commission’s report did not suggest prohibition of for-profit schools (SOU 2001:12). The peak in Figure 1 in 2001 reflects discussion about these two government initiatives.

The Social Democrats were divided in their view on profit in welfare services during this period. Congresses of the party, the Swedish Trade Union Federation (LO) and the Municipal Workers’ Union (Kommunal) discussed the issue over the years, and the congress debates received quite a lot of media attention. Compromises within the party led to various government initiatives, for instance a second stop law prohibiting for-profit ownership of the largest hospitals only and the introduction of a new form of company, with restrictions on profit-taking, as a business model that could voluntarily be used for welfare services (both in 2005). These government initiatives were discussed and criticised in media and a couple of debate articles by private companies and interest organisations were published each year.

2010-2016: The role of profit in welfare services increasingly contested

By 2010, the for-profit share of welfare services had become visible, even dominant in some geographical areas, and the largest companies had become very large. As a consequence, these companies came to the attention of business journalists in liberal and conservative newspapers, who began to investigate their ownership, business structures, profits and tax minimisation strategies.

For instance, the liberal evening tabloid, Expressen, published a large article in March 2010: ‘The profits of welfare go to tax havens’. In February 2011, the national business paper, Dagens Industri, investigated private schools in a major piece called ‘The world’s most liberal legislation has created a goldmine for private equity companies’. The following month the largest conservative broadsheet, Svenska Dagbladet published a series of investigative reports on private equity companies in welfare services under the heading ‘Welfare’s new lords’. In June 2014, a long article under the title ‘Easy for welfare companies to avoid tax’ was published in the business pages of Sweden’s leading newspaper, the liberal broadsheet, Dagens Nyheter. The article, which was picked up by most other media, showed that the five largest welfare corporations had a combined turnover of SEK 22.4 billion, with profits estimated at 1.2 billion, but with only 26 million paid in tax.

It was not only the business practices of the large corporations that came to public attention during this period. A care scandal also played a key role in changing the public and political climate around the private sector. In November and December 2011, there was very intensive media coverage of deficiencies in a nursing home in Stockholm run by Ambea’s care company Carema (see Lloyd, 2012; Jönson, 2014). In contrast to previous care scandals (for instance Polhemsgården in 1997), this time the ownership was very much in focus. Criticism focused on a bonus system which gave the nursing home’s managers significant additional payments for cost savings they made, without any
consideration of the potential consequences for service quality, and on tax evasion strategies used by the Ambea’s owners, the private equity companies KKR (based in the US) and Triton (based in Jersey). After a month the city of Stockholm ceased the contract and temporarily froze further outsourcing. The same day, the right-centre national government announced that they would appoint a commission to investigate how to limit the capacity of private equity firms to export their profits to tax havens (Lloyd et al., 2013). Further, in 2013, the negative publicity Carema received led the parent company Ambea to change the care subsidiary’s name to Vardaga. Across this period, several other reports on the combination of low quality, high profit and tax evasion appeared. In May 2013 a large private equity owned school corporation (JB Education) went bankrupt, which brought further negative media attention to the private sector.

In contrast to earlier years, the editorial pages in the right-centre newspapers became more sceptical about profit-making in welfare services around this time. For instance, in June 2012, Expressen’s editorial claimed: ‘Sweden has been transformed to an experimental laboratory for welfare services ... in which the extent of deregulation and the profit motive in publicly financed services sets us apart as an extremely right wing country’.

More concerted, but not unified, resistance to profit-taking also emerged on the centre-left of politics. In May 2012, delegates to the congress of the blue-collar trade union confederation, LO, voted to forbid profit-making actors in schools and other welfare services. In April 2013, the Social Democratic party congress voted for a compromise position – to significantly limit profit – along with raising quality criteria, toughening inspection regimes, and introducing new conditions, such as mandated staffing levels. The Green Party’s congress in May of the same year voted for a more restrictive limitation on profit-making: that all profit must be reinvested. In all three cases, the decisions were taken against the leadership’s more moderate suggestions.8 While right-centre politicians continued to express some criticism of tax evasion and the role of large corporations, especially of private equity companies in schools, they did not seek to limit profit-taking more generally, and the issue of profit in welfare services became a highly contested issue in the 2014 election campaign, reflected in the large number of articles that year shown in Figure 1.

From 2012 onwards, the private welfare companies and their interest organisations took a much more active role in the debate than they had for many years. While the first wave of action in the 1980s had focused on criticising the public sector, and opening access to public spending on welfare services to the private sector, this time the now well-established and highly profitable private sector was vigorously and visibly defending itself. Not surprisingly, they reacted strongly to proposals to limit or forbid profit-taking in welfare services. For instance, in April 2013, the CEO of the Confederation of Swedish Enterprise, Urban Bäckström, announced a ‘frontal war on profit in welfare services’ and sent a letter to 60,000 companies criticising the proposal that profit-taking be restricted. In the same month, Håkan Tenelius, the head of economic policy at the Association of Private Care Providers (Vårdföretagarna) wrote a debate article with the title ‘Stopping profit would in practice mean stopping welfare’.9

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8 This gap between the rank and file and leadership reflects the broader division in society between elite and popular opinion has remained hostile to profit-taking in welfare services across the period (Ekengren Oscarsson and Bergström 2016).
9 Tenelius has also written a frank account of his work as a ‘welfare lobbyist’ on the Association’s behalf (Tenelius and Selling 2016).
After the election of 2014, the Social Democrats and the Green Party formed a minority government. In March 2015, the government appointed a commission charged to propose a regulation to limit profit-taking by private providers in welfare services, in the form of a requirement that, as a general principle, any surplus should be reinvested. The commission was also charged to propose measures to improve conditions for non-profit actors, to investigate whether staffing levels can be regulated ‘so that it would not be possible to reduce staff density or staff expenditure to make a profit’ and to ‘propose regulations about how financial information about welfare service provision can be audited at the unit level’. In framing the tasks for the commission, the directives describe the contemporary situation, emphasising that ‘the presence of the profit motive affects the structure of incentives in service provision, to the detriment of quality, equality and working conditions’ (Dir.2015:22, 10). The commission was formally called the Welfare Inquiry (Välfrådsutredningen), but has been known as the Reepalu commission, after its chair, Social Democratic politician Ilmar Reepalu. It is noteworthy that, in both the tasks they assign and the framing description, the directives make profit-taking and equality central policy questions in a way not seen in Social Democratic government documents since the Bill that led to Lex Pysslingen in 1983.

Government commissions are an essential forum for policy contestation in Sweden, and not surprisingly, the directives were immediately strongly contested by the right-centre opposition, the welfare corporations and their interest organisations. Lundberg and Hysing (2016: 109) found that interest organisations consider ‘directly participating in or influencing the agenda of governmental commissions’ as an important channel for influencing policy, and the Association of Private Care Providers certainly lobbied hard to change the directives for the Reepalu commission. The Association managed to convince the centre-right parties to take up their proposals (Tenelius and Selling, 2016:209). However, they had limited success with having the directives themselves changed, although they did manage to soften the task related to oversight of providers’ finances at the unit level (Dir 2015:108). The Reepalu commission was already a topic for some media interest in 2015 and the majority of the large number of articles in 2016 shown in Figure 1 relates to the commission. The commission published its 856 pages report on the role of profit in welfare services in November 8, 2016. The report includes a thorough overview of the growth, structure and profitability of welfare companies, an outlook into how for-profit and non-profit providers are regulated in the other Nordic countries and a research review on what is known about the quality-, cost- and equality consequences of opening up welfare services for for-profit providers. The commission stresses that ‘welfare services are not simply services like any other: they are of fundamental importance to the lives and health of citizens’. Therefore, the commission argues, there are significant risks associated with allowing profit-making actors in welfare services:

When firms that are primarily profit-driven are involved, there is greater risk that firms will, with a view to keeping costs down, cut back on such quality that is difficult to measure and monitor, reduce the staff ratio or design the business to attract service users associated with low costs. There are also indications that for-profit companies have lower staff ratios than other types of providers and that competition and/or the increasing share of private management in education and healthcare have had segregating effects or have exacerbated segregation. (SOU 2017:78, p. 23; p. 3 in English summary)
After having concluded that return on capital is considerably higher in welfare corporations than in other segments of the service sector, the commission suggests a cap on operating profit of 7 per cent of working capital (ibid.; p. 6 in).

The commission’s proposal for a cap on profits was heavily criticised both before and after the report became public (the suggestion had been leaked to media in August 2016). A large number of critical articles were published by among others the CEOs of large corporations such as Attendo and Academia as well as by their interest organisations, the Confederation of Swedish Enterprise, the Association of Private Care Providers and the Swedish Association of Independent Schools. The Confederation led the critical response. For instance, its CEO, Carola Lemne, wrote ‘The government is strangling welfare’ (1 September, Dagens industri) and ‘Reduced welfare with profit prohibition’ (2 September, Göteborgs-Posten). On 2 November, Ms Lemne co-signed a debate article in Dagens industri with six CEOs of industry-level employer organisations, which argued that the proposal to limit profit-taking in welfare services was ‘a blow to the entire Swedish business community and an ideological attack on the basic principles of free enterprise and, in the long run, on prosperity and welfare’. Instead of restricting profit, the Confederation and the other interest organisations for private welfare providers argued for stricter quality control.10

All reports of Swedish government commissions are sent on a referral round to a number of organisations, usually a selection of authorities, municipalities, unions, employer organisations, universities and interest groups. Organisations and individuals who have not been invited to comment are also allowed to respond, and usually a small number of such responses are submitted. In this case, 142 organisations were invited to comment on the report. A new phenomenon in this long tradition of referral rounds of government commissions, was that the Confederation of Swedish Enterprise launched a campaign to engage private providers and others who were not invited in the official list to respond to the commission. At a website, www.svarareepalu.nu (Answer Reepalu now), a template for preparing a response was published, which argued that the commission’s suggestion ‘would directly affect Y pupils/patients/etc and our X employees’. Altogether 450 companies followed the call; many of them used exactly the suggested wording.

The debate articles and template responses to the Reepalu commission discussed here represent only part of the intense, wide-ranging and well-resourced lobbying efforts by private providers and their organisations in pursuit of their interests. Their recent efforts in the struggle over profit in welfare services have been at least as concerted as those of the 1970s and 1980s, which were directed at tearing down the solidaristic public institutions established by Swedish social democracy. Since that time, and partly because of the success of the earlier campaign, there is a ‘new political power order’ in Sweden, in which employer organisations have gained in strength, at the expense of political parties and unions, among others (Svallfors 2016). The Social Democrats bear some responsibility for these changes; whether through capture (not least via the revolving door), or weakness, they have deserted one of their founding ideals: equality.

10 In May 2017 the commission published its final report covering issues of quality and oversight (SOU 2017:38). With arguments that equality is a crucial aspect of system quality, and that detailed regulations have negative impact on quality in welfare services, the commission argues that better oversight needs to be combined with a profit cap to make possible the more trust based regulation necessary to ensure good quality in welfare services.
At the time of writing (June 2017), heated debate continues. The commission’s proposals have not yet been discussed in the parliament, but it is clear that it will not pass, given the parliamentary majority.

Tentative conclusions: why was the role of profit motives in welfare services an non-issue for such a long time, and how did it finally come on the agenda?

1. Social democrats lost their focus on the egalitarian rationale for public provision in the 1980s (after intense lobbying from the right and the interest organisations for private companies which succeeded in reframing public provision as inefficient and undemocratic) and have not regained it as a central organising idea.

2. As a result, since 1991, there has been no major restrictions on for-profit provision within publicly funded welfare services, allowing the sector to grow and concentrate.

3. Since 2011, profit-taking has been much debated (first by business journalists), and the interest organisations of for-profit welfare companies have been increasingly active in defending their interests.

4. The social democratic elite has been pushed from below and by media to restrict profit-making but is still ambivalent (the issue of revolving doors – the role of former leading social democrats working for welfare corporations and interest organisations needs further investigation).

5. The size and power of the for-profit sector, their large resources used for lobbying, the parliamentary situation, and the eclipse of the egalitarian justification for public provision means change is unlikely – at least in the short run.

References (incomplete)


Dir 1999:76 Tilläggsdirektiv till Kommittén för uppföljning av resursfördelning till fristående grundskolor (U 1997:10)

Dir. 2015:22 Ett nytt regelverk för offentlig finansiering av privat utförd velfärdstjänster

Dir. 2015:108 Tilläggsdirektiv till Välfärdsutredningen


Government Bill 1990/91:117 Om en ny kommunallag [On a new local government act]


Government Bill 2000/01:36 Sjukhus med vinstsyfte [For-profit hospitals]
Grant Thornton (2015) *Den privata vård- och omsorgsmarknaden ur ett finansiellt perspektiv*


SOU 2001:12 *Fristående gymnasieskolor - hot eller tillgång?* Slutbetänkande av Kommittén för uppföljning av resursfördelning till fristående grundskolor.


