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Outline: Tax-financed welfare services

- The why and how of privatization – choice and competition
- Education and independent schools
- Health care; telemedicine
- Learning from the Swedish experiment

**The
Economist**

The next Afghanistan

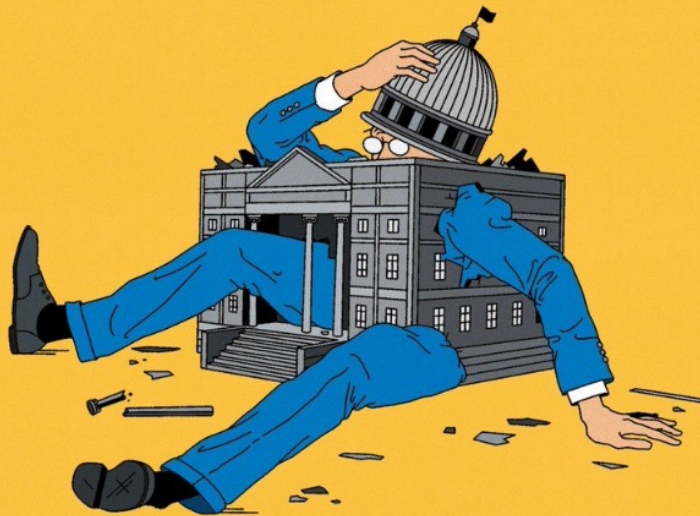
Why are the French so grumpy?

Housing: don't shun big landlords

China's Communist Party capitalists

NOVEMBER 20TH-26TH 2021

The triumph of big government



“One task is to maximise the role of markets and individual choice...The state must also seek to be nimble and efficient.”
– *Leader* Nov. 20, 2021

Major reforms from 1990s



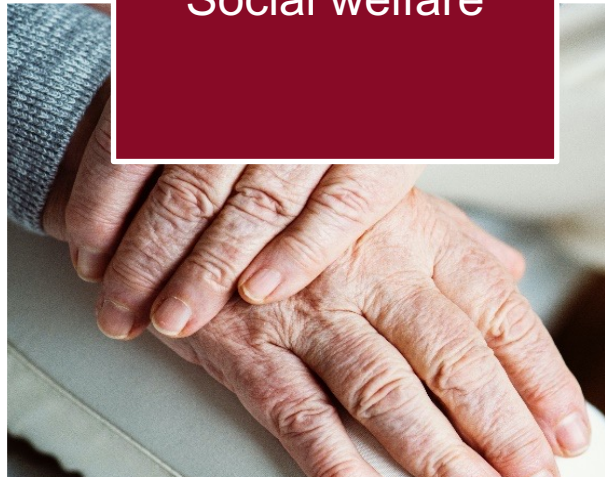
Government
institutions

Product
markets

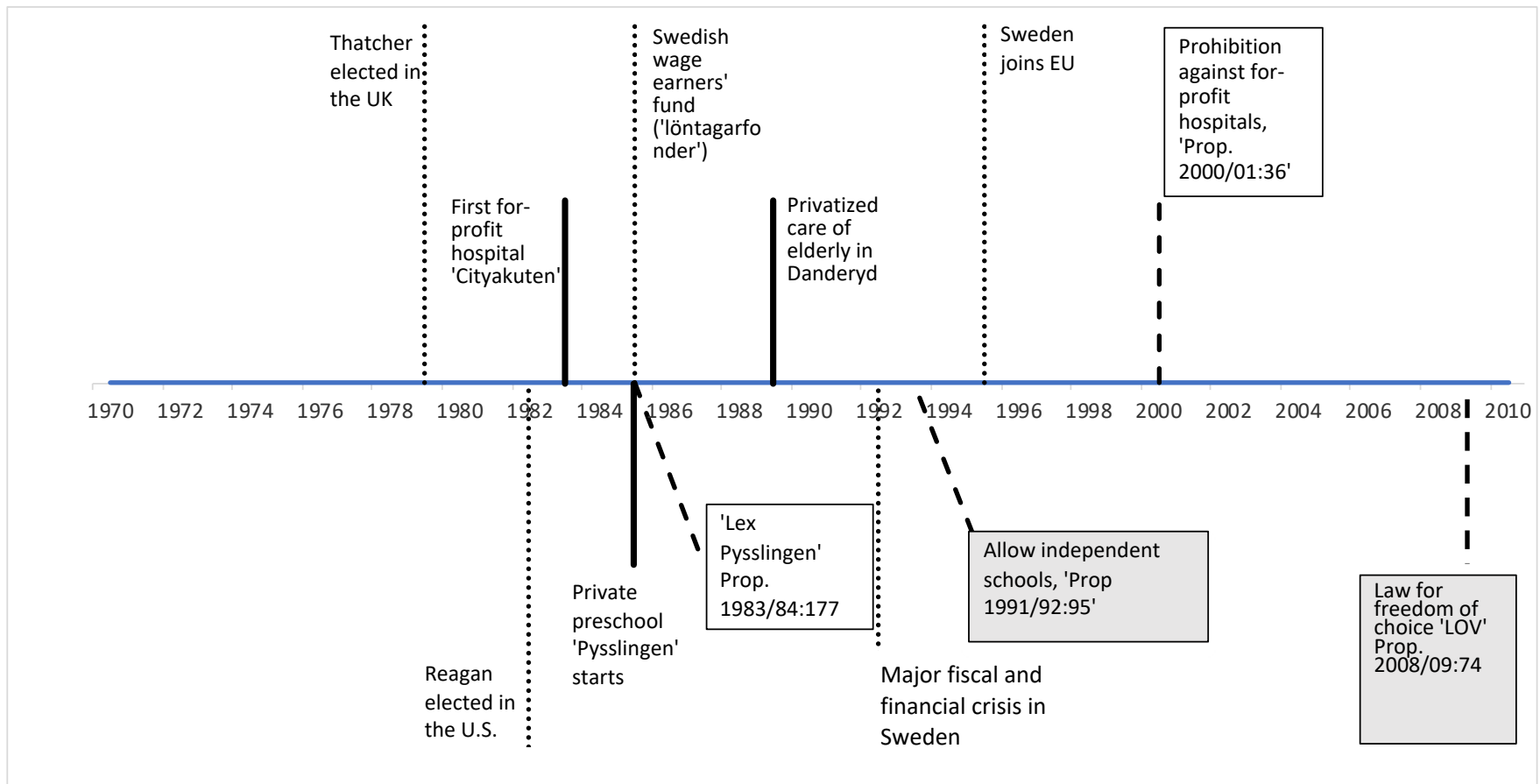


Photo by Omar Ram on

Social welfare



Privatization spurred from local initiatives



Quasi markets – risks and benefits



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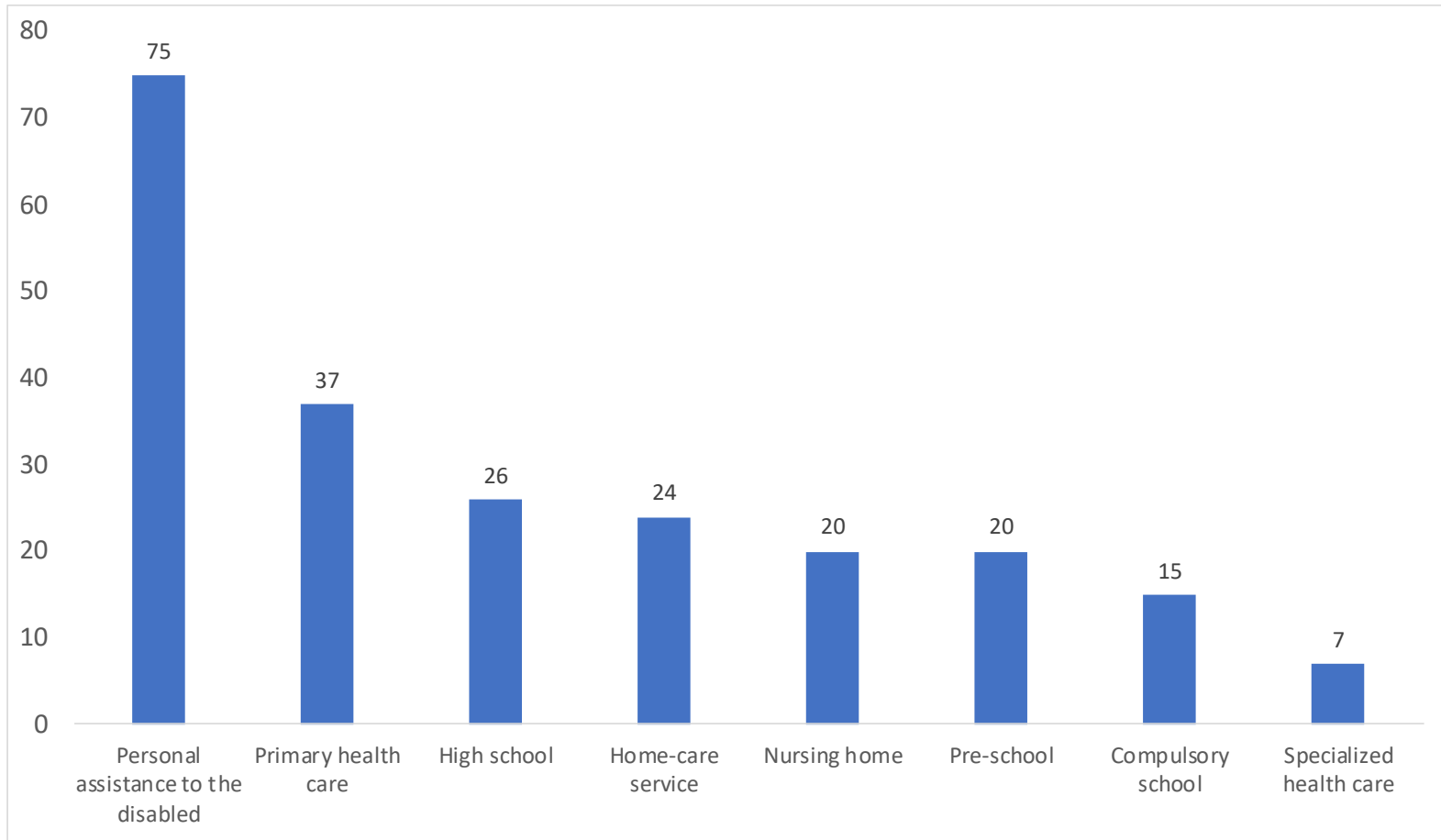
Profit levels grossly overestimated



Population believes 26 %

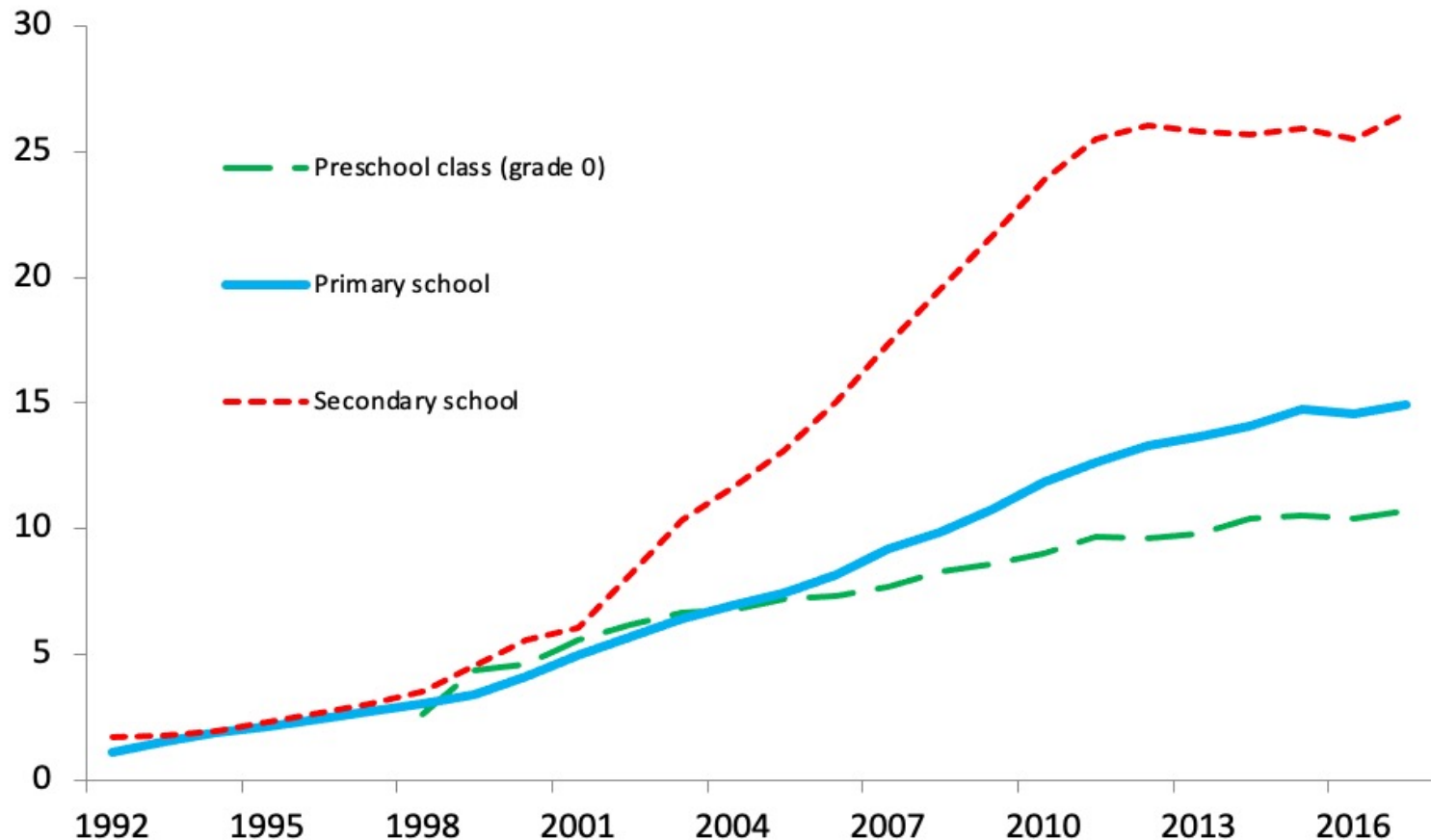
Actual profit margin 5 %

Private production shares 2017



Education and independent schools

Share of students in independent schools, percent



Source: Swedish National Agency for Education

Free schools have improved results



Photo by Gayatri Malhotra on Unsplash

Compulsory education

- Higher value-added scores
- More satisfied students
- Improved results
- Lower costs per student

Upper-secondary education

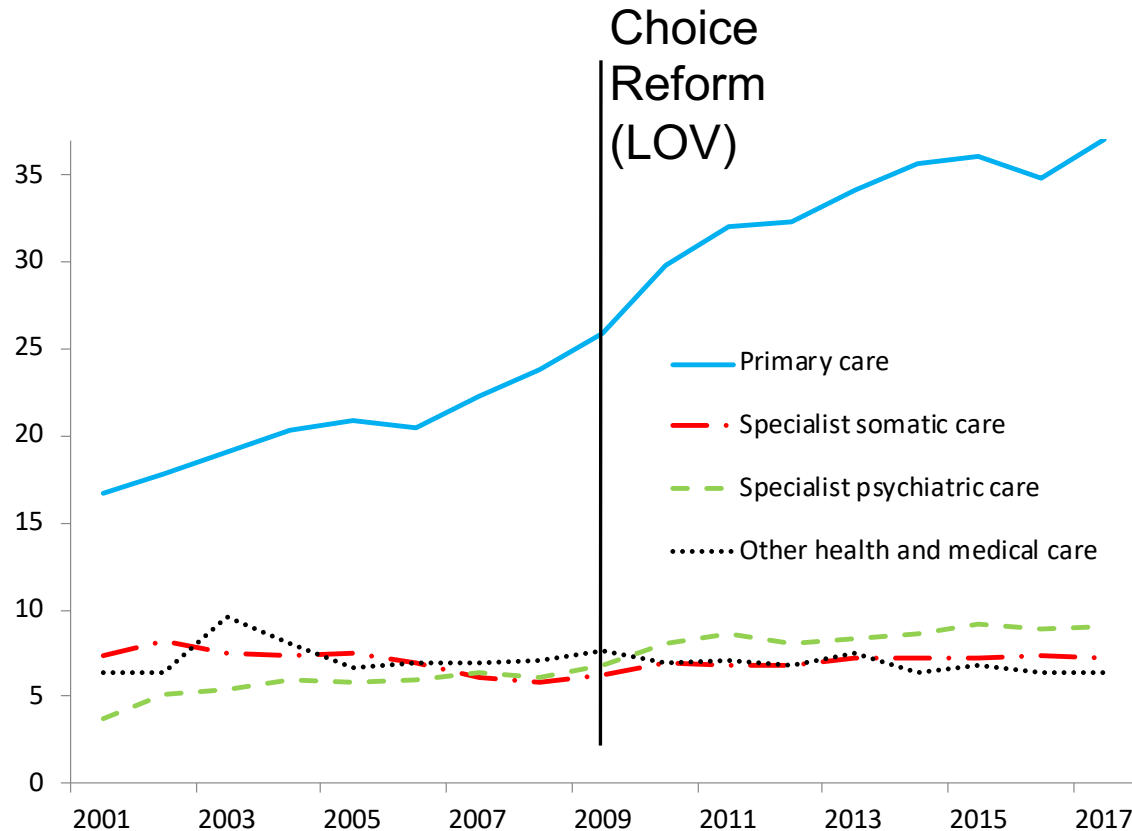
- Better results
- More inclined to attend post-secondary education
- Grade inflation worse: due to deep structural flaw in policy design

Increased segregation?

- No evidence on strategic behavior of where to locate free-schools (Angelov and Edmark 2016)
- Increased segregation: mostly due to housing (Böhlmark et al. 2016), but school choice has contributed (Fredriksson and Vlachos 2011)
- No evidence of systematic discrimination against disadvantaged groups (Edmark et al. 2014), but “fake inquires” revealed more subtle discrimination (Ahmed et al. 2020)

Health care and telemedicine

Privatization of health care



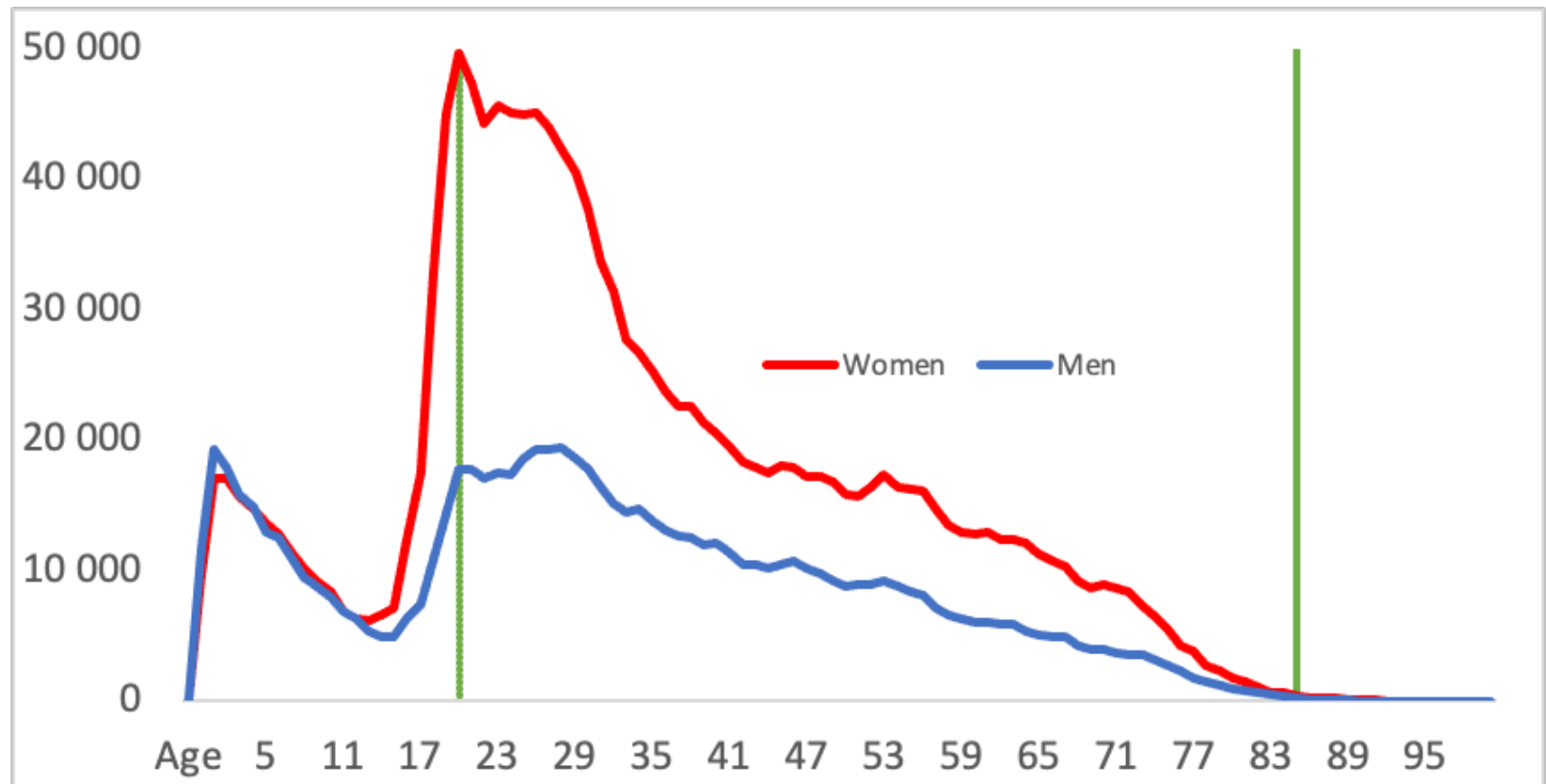
- Small quality differences
- Improved access
- Private hospital lower costs and more efficient

Telemedicine – popular but controversial

- Through mobile BankID, patients can access tax-financed telemedicine in Sweden
- Amount paid is on par, or lower, than physical meeting – about \$20
- Subsidy first large, but lowered in several steps
- Advantages: avoid travel, better matching, language, more efficient
- Disadvantage: without good e-triage, risks overconsumption; harder to diagnose

Telemedicine accounts for 11% of primary health care

Number of digital visits in 2020 – gender and age



What have we learned?

The Swedish experiment – next steps

- Key to deliver quality services
 - Grade inflation avoidable; better use of technology
- Welfare services 20 percent of GDP
- Not getting the full benefits of telemedicine: scale and network effects
- Tougher monitoring of *both* private and public welfare services
 - Strengthen regulatory oversight
 - Unannounced inspections
 - Close things down

