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Sweden's schools: Milton Friedman's wet dream

The ideology of 'freedom of choice' drove privatisation in Sweden's education sector — and led to a vicious circle of inequality and underperformance

Think of a caricature of a capitalist couple and you can picture the front page of the leading Swedish daily, *Dagens Nyheter*, earlier this year. A man with a tailormade suit and an 80s style *attaché* portfolio. Next to him, a woman in high heels, silk skirt and large, silver fur coat. Big confident smiles.

Sadly, the portrait of Hans and Barbara Bergström was not a cartoon but an illustration of the current Swedish school system. The photo accompanied an article on what was once a cherished social institution and a source of national pride, which has become a profitable playing field for corporate interests and the creation of immense private wealth.

Barbara Bergström, founder of one of Sweden's largest school corporations, with 48 schools across Sweden, and her husband, former editor-in-chief of *Dagens Nyheter* — and a long-time lobbyist for the privatisation of schools — are two of the people who have made a fortune running publicly funded schools in Sweden. When Barbara 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.

Voucher system

This is money made entirely from public funds. Private schools in Sweden are funded not by tuition fees, but by a 'free choice' voucher system introduced by a conservative government in 1992.

This year, that radical reform of Sweden's school system turns 30. Ideologically conceived by Milton Friedman, the system is under increasing criticism. Not only because no other country in the world has

chosen to copy it, 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.

Since the largest 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.

A controversial social-democrat 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 to 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 all get to choose. Yet individual pupils' needs are different and, while the municipal school has to cater for 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 largest 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 be queued (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 so 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.

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.

It might seem unlikely that the Swedish school system would be an inspiration to anyone anywhere.

Andreas Schleicher, head of the directorate for education and skills at the Organisation for Economic Co-operation and Development, used to 'look to Sweden as the gold standard for education'. Now, he writes, 'the Swedish school system seems to have lost its soul'. No other country has experienced such a rapid fall in performance in the OECD's Programme for International Assessment (PISA) league table as Sweden, paired with increasing knowledge gaps between schools. And all the while school segregation is increasing, not only in big cities, but in mid-sized towns as well.

In her seminal *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, destroying 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.

Huge funds to spend

It might seem 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.

Academedia, the largest private education provider in Sweden, is established in Norway and has 65 preschools in Germany. It recently reported to investors that it was preparing to launch an apprenticeship programme in the United Kingdom and expand its preschools into the Netherlands. Barbara Bergström's *Internationella Engelska Skolan* already owns seven schools in Spain.

The Bergströms' foundation, meanwhile, has donated SEK60 million to establish a 'professorship in educational organization and leadership' at the Stockholm School of Economics. Friedman would have been impressed.

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