

*Journal of Education Policy*  
Vol. 25, No. 1, January 2010, 1–18



**Choosing for quality or inequality: current perspectives on the implementation of school choice policy in Sweden**

Nihad Bunar\*

*Department of Sociology, Stockholm University, Stockholm, Sweden*  
*(Received 29 May 2009; final version received 21 September 2009)*

debate. Being aware of the problems and dilemmas posed by any classification attempts, I still believe that the one presented below can give us a valuable and clear insight into the broad spectrum of underlying theoretical assumptions ingrained in the school choice policy designs, discourses, and discussions about their effects. At least three different positions, identified in relation to their approaches to the operation of market forces, can be discerned.<sup>2</sup> I choose to call them the market-oriented, the market-skeptical, and the market-ambivalent positions. Let me briefly explain and exemplify each one.

According to Whitty, Power and Halpin (1998), the restructuring of the Swedish educational system was characterized by three aspects. First came the devolution of financial and managerial control to local levels, either to municipalities or schools. The power over daily affairs was to be transferred from the department of education and central educational authority to local boards of education and schools, who were encouraged to appoint a board of trustees with significant parent participation. The economic responsibility was equally transferred to local municipalities and their taxpayers, even if schools to some extent are indirectly supported by the national government. Second, the promotion of parental right to choose schools – between public and between public and independent – and the imposition of vouchers<sup>6</sup> as the foremost currency in the educational quasi-market was established. Today there are 635 independent schools at the elementary level (out of 4826 in total) catering to around 12% of all students and 359 (out of 889 in total) at the upper-secondary level in the country, catering to around 20% of all students (Skolverket 2008). Third, there has also been a consolidation of certain aspects of power over the shape and performance of the educational system at the central governmental level. A new curriculum was adopted in 1994 containing general guidelines for the goals schools ought to attain and more emphasis was put on evaluation and inspection, which was one of the tasks assigned to the National Agency for Education (NAE).<sup>7</sup>

Consequently, the key defining elements of the Swedish school choice policy design are:

- *Social-historical*, in terms of the country's rather specific modern educational history with a strong emphasis on equity and integration, which has affected both the policy's current shape and public discourses following its implementation.
- Parallel processes of *organizational decentralization* (from central to local governments) and *power consolidation* at the government level (curriculum and inspections).
- A still *strong public school system*, indicating the vast majority of students at all levels (preschool, elementary and upper-secondary schools) attend public schools, although the independent schools have gained ground recently.
- *The attendance zone policy* is still the strongest factor for students' allocation even if more appear inclined to choose another than their local school.
- Universal *vouchers* providing all families with a certain amount of money their children can take with them if they decide to opt for another school than the nearest one and banning independent schools from taking admission fees.
- *Competition* between public and between public and independent schools as a way of inducing all schools to be more competitive in terms of economical and pedagogical efficiency.

market-oriented, market-skeptical, and market-ambivalent). With the exception of a few studies from liberal think tanks who wholeheartedly support the policy of school choice and acknowledge virtually all of its outcomes as solely positive, the vast majority of research in Sweden, including the ones from the NAE, could be classified as either clearly market-skeptical or strongly market-ambivalent. In all these studies irrespective of the source (governmental agencies, university-affiliated research, or think tanks' products) and the position in relation to market forces two questions have been in the focus: (1) whether a policy of school choice significantly contributes to increased segregation on social and ethnic grounds; and (2) is there any evidence of substantial improvements in schools' efficiency as an impact of competition?

The Swedish school choice design resembles at large the ones already seen in other countries which had much earlier shifted from public to market-controlled education. Organizational decentralization, increased demands for accountability, vouchers, and competition have even here come to form the backbone of a new system. There are, though, some important differences manifested in a strong ideological maintenance for equity, integration, and social justice; a still strong public school system; and the absence of privately financed schools. The so-called independent or free schools in Sweden are, irrespective of their pedagogical profile, entirely tax-financed and are forbidden to collect any kind of fees of substantial amount among their students. Thus the peculiarity of the Swedish school choice design is that, on the one hand, it is utterly deregulated with universal vouchers and encouragement to competition. On the other hand it has firmly remained under the central and local governments' wings through the strongest instrument of control, financial resources, but also through the national curriculum, the central inspection authority, and, in relation to independent schools, even the possibility to turn down their application for establishment or to close them down.

system. Despite almost 1000 new independent schools and 150,000 students attending them and many others changing between public schools, despite an intensive ideological offensive for competition and a vivid public debate on the effects, most researchers and evaluators still claim that the outcomes in terms of segregation, costs, and achievement at the national level are ambiguous or at best visible but small. Further-

**Independent schools and  
long-run educational outcomes  
– evidence from Sweden´s large scale  
voucher reform**

Anders Böhlmark  
Mikael Lindahl

This paper evaluates average educational performance effects of an expanding independent- school sector at the compulsory level by assessing a radical voucher reform that was implemented in Sweden in 1992. Starting from a situation where all public schools were essentially local monopolists, the degree of independent schools has developed very differently across municipalities over time as a result of this reform. We regress the change in educational performance outcomes on the increase in the share of independent-school students between Swedish municipalities. We find that an increase in the share of independent-school students improves average performance at the end of compulsory school as well as long-run educational outcomes. We show that these effects are very robust with respect to a number of potential issues, such as grade inflation and pre-reform trends. However, for most outcomes, we do not detect positive and statistically significant effects until approximately a decade after the reform. This is notable, but not surprising given that it took time for independent schools to become more than a marginal phenomenon in Sweden. We do not find positive effects on school expenditures. Hence, the educational performance effects are interpretable as positive effects on school productivity. We further find that the average effects primarily are due to external effects (e.g., school competition), and not that independent-school students gain significantly more than public-school students.

Our data set consists of all individuals finishing the 9<sup>th</sup> grade of compulsory school (normally at age 16) each year from 1988-2009 in Sweden. The information on school grades and educational attainment is available for almost all pupils from the nationwide registers. Test scores from achievement tests conducted at the end of compulsory school are available for about 95% of the students for the years 2004-2009. We also have access to detailed demographic information on the students and data on the educational and economic outcomes of their parents. This data set provides information on the school attended and the region of residence for each student (at the time of 9<sup>th</sup> grade attendance) as well as for the regional location of the school.<sup>17</sup> The school registers contain information about all of the schools in Sweden, which allow us to identify whether a school is a public or an independent school. Henceforth, we use the term school cohort to denote the cohort of students who leave the 9<sup>th</sup> grade in a certain year.

We analyze the following outcome variables, all aggregated over the students in a school cohort in a municipality: the average test scores in math and English at the end of compulsory school; the average grade scores in math and English at the end of compulsory school;<sup>18</sup> the fraction of students choosing a science track in high school; the average grade scores in math and English after one year in High school (when courses in core subjects still are mandatory for all high school students); the fraction of students completing at least 1 semester of university education (at age 22, i.e., within 6 years of leaving compulsory school); and the average years of schooling (at age 24). To make the measures comparable, we standardize both test and grade scores to percentile rank scores.<sup>19</sup>

The key independent variable is the share of 9<sup>th</sup>-grade students living in a municipality who attend an independent school inside or outside the municipality's borders. Those students who choose to attend an independent school in another municipality bring their voucher from the municipality of residence. We calculate this measure for each year and municipality. All of the variables are aggregated up to the

$$(2) \quad \Delta \bar{Y}_m = c + \beta \Delta \bar{P}_m + \lambda \Delta \bar{X}_m + \Delta \varepsilon_m,$$

Focusing on the last post-reform cohort for which data are available, we have that  $\Delta \bar{Y}_m$  denotes the change in the average educational outcome between the last pre-reform school cohort in 1992 and the last available post-reform school cohort  $t'$ , which is 2009 for the compulsory school test and grade scores, 2006 for the academic track and high school grades, 2003 for university attendance and 2001 for years of schooling for students residing in municipality  $m$  in those years.  $\Delta \bar{P}_m$  denotes the change in the share of independent-school students residing in municipality  $m$  between 1992 and the last available post-reform school cohort;  $\Delta \bar{X}_m$  denotes the change in the vector of municipality characteristics in municipality  $m$  between 1992 and the last available post reform school cohort and is included to correct for changes in the composition of students; and  $\Delta \varepsilon_m$  is a random error term.

Table 2: OLS Regressions of changes in the share of independent-school students on post- and pre-reform changes in overall educational achievement

	Main Estimations, Post reform changes in outcomes		Counterfactual Estimations, Pre-reform changes in outcomes	
	(1)	(2)	(3)	(4)
<b>Educational performance outcomes</b>				
<b>Test scores in English and math</b>	16.95	17.93	NA	NA
	(2.69)**	(2.69)**		
R2	0.10	0.28		
<b>Grades in English and math</b>	14.44	15.76	-2.60	-3.80
	(2.60)**	(2.55)**	(1.98)	(2.38)
R2	0.08	0.28	0.00	0.06
<b>Academic track in high school</b>	0.25	0.19	0.11	0.10
	(0.12)*	(0.13)	(0.06)+	(0.07)
R2	0.02	0.07	0.01	0.05
<b>Grades in 1<sup>st</sup>-year courses in English and math in high school</b>	20.26	17.47	NA	NA
	(3.40)**	(3.83)**		
R2	0.08	0.17		
<b>At least 1 semester of university studies at age 22</b>	0.16	0.19	0.03	-0.02
	(0.05)**	(0.06)**	(0.05)	(0.07)
R2	0.02	0.17	0.00	0.13
<b>Years of schooling at age 24</b>	0.73	0.64	-0.21	0.10
	(0.33)*	(0.35)+	(0.34)	(0.37)
R2	0.01	0.17	0.00	0.09
<b>Controls</b>				
Changes in municipal controls <sup>a</sup>	NO	YES	NO	YES

Notes: Number of municipalities in all regressions are 284. <sup>a</sup>Changes in municipality averages of the demographic and family background variables listed in Table 1 (and specified in the note to Table 1) as well as changes in the size of the student population. Post-reform changes in test scores and in all other variables are calculated for 1992-2009 when test scores and grades are the dependent variables. Post-reform changes in the high-school variables and in all other variables are calculated for 1994-2006 when the high-school variables are the outcomes. Post-reform changes in "At least 1 semester of university studies at age 22" and in all other variables are calculated for 1992-2003 when "At least 1 semester of university studies at age 22" is the outcome. Post-reform changes in "Years of schooling at age 24" and in all other variables are calculated for 1992-2001 when "Years of schooling at age 24" is the outcome. Pre-reform changes in the dependent variables are calculated for 1998-1992.

## 5.2 Main results

We start by associating the change in our educational performance variables with the growth in the share of independent-school students, i.e., we estimate equation (2). Table 2 reports the results from estimating two different versions of this model. We show estimates from models without any controls in column 1 and with controls in column 2

The baseline results in column 1 provide consistently positive effects for the share of independent-school students on the educational outcome variables. A 10 percentage point increase in the share of independent-school students in compulsory school is associated with 1.7 percentile rank higher achievement at the end of compulsory school. Interestingly, the effects also remain positive and significant after compulsory school. A 10 percentage point increase in the share of independent-school students increase the fraction with an academic track in high school by 2 percentage point, the mean high-school grades with 2 percentile rank, the fraction attending university by almost 2 percentage points and the average years of schooling by almost 4 weeks.<sup>27</sup> These are not enormous effects but not trivial either. In column 2 we extend the baseline specification by adding changes in the municipality averages of demographic and family background

We report estimates from model (3) in columns 3 and 4 of Table 2. Reassuringly, these estimates are typically small and always statistically insignificant. Hence, we find no evidence that independent-school enrolment has increased more in municipalities where the educational performance of public school students changed a lot during the


<sup>27</sup> The most important controls are typically the change in the fraction of students that are immigrants and the change in the average years of schooling of fathers.

last five pre-reform years. This result is very important because one might expect independent schools to primarily be established in municipalities with failing public schools. Reassuringly, nothing in these estimations supports this assertion. This finding is also consistent with what we learned from our interviews with the four leading school companies running independent schools in Sweden. The performance in public schools was considered to be a criterion for opening up a new school by only one out of the four school companies, and it was ranked as a less important one.<sup>29</sup>



BUSINESS 12/03/2012 @ 10:04PM | 7,240 views

## Lessons on School Choice from Sweden

OR  Adam Ozimek, Contributor

[+ Comment Now](#) [+ Follow Comments](#)

g Those who oppose school vouchers and school choice in general tend to cite lack of positive results of voucherization in Chile as evidence that it will have little effect. Others argue that conditions in Chile were not quite right. But we can learn something about when choice works by looking at Sweden's move to vouchers. [Recorte de Fo](#)

The authors discuss some important characteristics of the Swedish system that may contribute to the success. First, the Swedish system does not allow parents to pay additional fees on top of the voucher. Second, there are strong rules about how schools must accept students. They cannot use ability, socioeconomic status, or ethnicity. The authors argue that if competition on selection is prevented, schools are more likely to compete on quality:

“ The conditions for school choice that are likely to generate the most positive effects on overall school productivity are discussed in MacLeod and Urquiola (2009). Their framework is a reputation model of learning. They argue that in the Chilean system (where schools can select students based on ability), the schools are more likely to compete by selecting the best students instead of with increasing productivity. In a system like the Swedish, where cream-skimming is not allowed, the schools are more likely to compete by improving productivity. In fact, MacLeod and Urquiola (2009) state that if the reputation model holds for a school market, then “if schools cannot select on ability, the introduction of school choice will unambiguously raise school performance and student outcomes.” The positive educational performance effects found in this paper and the absence of effects found in Hsieh and Urquiola (2006) [for Chile] support their story.

Another important factor is that for each student that attends an independent school, the school received an amount equal to a large majority of the average per-pupil cost of the students public school system, and this is paid by the student's municipality. This means that the resources available to the local public school are decreased as more students choose independent schools. This increases the competitive pressure, which the results suggest is an important determinant of improving outcomes. In addition, any kind of organization can start a school, including for profit companies. The authors write:

“ Importantly, the full financing of the independent schools comes from the local government in the form of a voucher for each student they attract. Hence, we expect a stronger economic pressure on the local public schools the more students that chooses to opt out and attend independent schools.

This all suggests we should not be shielding public schools from the pressure of competition, but designing reforms that ensure that competition can have it's positive effect.

Overall this study and the case of Sweden's voucher program have lessons that reformers and reform critics in this country should consider.