Winning the war by losing the battle? The marketization of the expanding preschool sector in Sweden

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ABSTRACT
This article analyzes how childcare vouchers were introduced in the context of the Swedish welfare state by examining vital political decisions from the prohibition of publicly funded private preschools in 1984 and onwards. Basing our argument on theories of political institutions and historical institutionalism, we argue that this remarkable shift in preschool policy was due to a set of specific historical premises that included an expanding preschool sector and incremental reforms that did not abolish public preschools, but merely complemented them with private preschools. Instead of perceiving childcare vouchers as the mere results of marketization ideology, we interpret this reform as the result of a sequence of decisions, institutional layering, vested interests, and positive feedback mechanisms, where the expansion of the early care and education sector played a significant role. In this context, we argue that the marketization may be seen as a successful support of the rapidly growing sector of publicly funded preschools in Sweden. Although the Social Democrats lost the battle of marketization, they certainly won the war on publicly funded preschools for all.

Introduction
School choice and the marketization of education are current global trends. Although the implementation of marketization in educational policy varies, the assumption that the private sector, competition, and market forces will strengthen not only the economic efficiency, but also the quality of education have won followers among policymakers across the globe in the wake of the post-war rise of the United States as an ideological power, the economic crisis of the 1970s, and the fall of the Berlin Wall (see, e.g. Djelic 2006; Ball 2007). In that sense, marketization has become a global policy not only within the field of education, but also in areas such as health care and elderly care (Djelic 2006; Gingrich 2011).

In this global context, Sweden stands out as one of the main proponents of marketization in education, along with Chile and New Zealand, and as a pioneer in privatization policies (Arreman and Holm 2011; Trumberg 2018). In 1992, Sweden introduced a publicly funded voucher system for primary and secondary schools that presented parents with a virtual voucher that they could spend on a private or a public school.
2009, this voucher system was expanded to the field of early childhood education and care (ECEC). As of the autumn of 2018, 28% of Swedish preschools were privately run (Skolverket 2018).

As with the school vouchers, the introduction of the childcare vouchers (barnomsorgspeng) remains controversial. In this article, we employ a historical perspective on the introduction of childcare vouchers and examine how the issue of preschool markets became a possible political solution in the Swedish case. The question posed is: How was staunch resistance towards marketization in 1984 turned into the introduction of childcare vouchers in 2009?

Starting with the law that banned private preschools from receiving public funds in 1984, our investigation will address the main political actors that participated in this political process and how their positions changed over time. Drawing inspiration from theory of political institutions and historical institutionalism, we argue that this shift in preschool policy was enabled by several conditions. These include the expanding Swedish preschool sector, in which additional preschools were always in demand, and how the reforms followed a historical sequence in which the existing public system of preschools were complemented first with non-profit preschools and later with for-profit preschools. This layering process was supported by recurring changes of political power between left-wing and right-wing parties, and the feedback loops that these shifts entailed.

In this article, we place particular importance on the expansion of the preschool sector. Unlike market-oriented reforms that targeted rather stable sectors such as primary and secondary schooling, the Swedish publicly funded preschool sector exhibited an unrivaled expansion during the investigated period, from enrolling 32% of all preschool children in 1985 to 83% in 2010 (see Figure 1). In this specific context, we argue

![Figure 1](image_url). The rising enrolment of Swedish preschools and day care centers, 1975–2010. Source: Skolverket (2011). Note: the figure indicates the percentage of children aged 1–6 from 1975 to 1995 and the percentage of children aged 1–5 from 2000 to 2010. In 1997, a so-called preschool class (förskoleklass) was created for six-year-olds. The enrolments of six-year-olds in preschool class increased from approximately 90% in 1998–1999 to 97.5% in 2018–2019.
that the Social Democratic Party’s acceptance of the commercial preschools was not only a defense of existing public welfare (Klitgaard 2007), but decisive to the massive expansion of the publicly funded preschool sector in Sweden. By allowing a growing number of private preschools, the left-wing parties secured support of a rapid growth of publicly funded preschools. In this case, marketization was not the antithesis of universal welfare, but rather a vital part of the political reforms that resulted in the extensive Swedish preschool sector. Whether this was a univocal or a pyrrhic victory will be further discussed in the concluding section of this article.

**Marketization and the ECEC sector**

Marketization can be examined both in terms of a market ideology and market-oriented reforms. Market ideology refers to ideas that portray markets as the superior mechanism for distributing resources in the production of goods and services (Djelic 2006). In this view, the competition and freedom of the markets is a solution to the inefficiency of the public sector, governed by rigid regulations and frustrating routines. Thus, a market ideology stands in clear contrast to the proponents of a welfare state, who perceive the public sector as a guardian against the inequalities and the corruption of markets (Gingrich 2011, 1).

Market-oriented reforms are defined as reforms that promote markets in various sectors of society, introducing competition, consumer choice, deregulation, and privatization (Djelic 2006). Ball and Youdell (2008) distinguished between endogenous privatization and exogenous privatization of public education systems. The former refers to the process by which schools are made to mimic companies in the business sector by various assessment and incentive schemes. The latter refers to introduction of private entities, competition between public and private actors, and the commercialization of the education system. The introduction of market forces may take a wide range of shapes, which may differ across not only countries, but also across health-care markets, elderly care markets, and education markets (Gingrich 2011). This certainly raises questions regarding differences between the marketization of schooling and the marketization of the preschool sector in Sweden.

In the case of what has been termed the ‘Swedish model’ of education markets (Arreman and Holm 2011, 229), extensive research has dealt with the introduction and expansion of the Swedish school voucher system and its consequences. These include studies into the politics of the introduction of this system (Lundahl 2005; Klitgaard 2007; Wiborg 2015; Börjesson 2016), the organization and workings of this system (Arreman and Holm 2011; Lundahl et al. 2013; Varjo, Lundström, and Kalalahti 2018), school choice and social inequality (Bunar 2010; Forsberg 2018; Granvik Saminathen, Låftman, and Modin 2019), and the international reception of the Swedish model (Rönnberg 2015).

This study of childcare vouchers in Sweden contributes to this field of research on the politics of school marketization. Lundahl et al. (2013, 503–503) described these political reforms as part of a process of decentralization, where neoliberal discourses on customer choice have won ground, and where schools were transformed, in line with New Public Management ideologies, into comparatively autonomous and result-driven entities expected to perform and deliver results. Börjesson (2016) showed how these reforms
were accompanied by changing problem perceptions. In the 1970s, Swedish politics was marked by the fundamental idea that the only possible solution to the problems of the school system lay in the hands of the public sector. During the latter half of the 1970s, critiques targeting the public sector as inefficient and inflexible grew in strength, and in the 1980s, neoliberal and conservative political thought became important features of the public debate. The vast public sectors, its rising costs and funded by heavy taxation were described as hampering economic growth, private initiatives, and the strength of civil society. In the context of education, this was formulated as a lack of flexibility and a lack of influence from parents and children. This shift in public debate lay the path for the marketization reforms of the 1990s, which were supposed to remedy the problems of efficiency, parental involvement, and flexibility (Börjesson 2016, 201–202).

These analyses of the politics of school marketization certainly raise questions regarding how such processes have shaped and been shaped by preschool and childcare markets. Research dealing with such issues has largely focused on the impact of childcare voucher systems and how childcare markets function in countries such as Australia, England, Luxembourg, the Netherlands, and the USA (Vincent and Ball 2001; Henry and Gordon 2006; Noailly and Visser 2009; Warner and Gradus 2011; Honig et al. 2015; Knijn et al. 2017). Those studies have shown how childcare markets are theoretically challenging since they encompass non-markets, such as household provision of childcare and childcare provided by the government. Furthermore, childcare provides a fundamental social infrastructure for family, community, and employers, and has a low threshold for market entry, which gives rise to a wide range of childcare providers (Meyers and Jordan 2006; Warner and Gradus 2011). In this context, research has examined how vouchers can increase competition between childcare providers and strengthen parental voice, while noting the challenges that marketization creates in terms of market regulation, information asymmetry, and quality control (Warner and Gradus 2011). In the Swedish case, research publications and historical overviews have provided insights into some of the main political decisions from national, historical, or comparative perspectives (Martin Korpi 2007; Naumann 2011; Linnarsson 2017) and examined the impact of marketization on parents (Karlsson, Löfdahl, and Prieto 2013), quality documentation (Löfdahl and Folke-Fichtelius 2015), and municipalities (Elinder and Jordahl 2013).

In the context of the abovementioned studies, which have either studied the impact of marketization reforms or have been intended to provide a sound basis for childcare policy, less attention has been paid to how and why childcare vouchers were introduced. Such studies have indicated that childcare vouchers have been introduced in Australia, England, and the Netherlands to increase the supply of childcare, to increase competition and choice in the childcare sector, and to promote women’s participation in the labor market (Warner and Gradus 2011). The research has also shown how marketization reforms can fit a wide range of contexts (see also Penn 2014), including liberal market economies with low levels of government involvement in childcare (USA), countries with a strong tradition of non-profit provision of childcare (Netherlands), and countries where childcare has been dominated by public childcare (Sweden).

As a result of this valuable research on marketization reforms and ideologies, we have gained a significant understanding of neoliberal disruptions and marketization in
education in general. However, fewer efforts have been made to understand how and why these forces won foothold in the early care and education sector. In this context, the present study makes several contributions. By applying the perspective of historical institutionalism, this article provides an analysis that goes beyond the expressed purposes with childcare vouchers, indicating that their implementation in Sweden was not only the result of an increasingly influential market ideology and certain political targets regarding childcare or the labor market, but the result of an incremental policy process reaching back to the early 1980s. Although such long-term perspectives are commonplace in studies of education and welfare policies, they remain a valuable addition to the study of marketization reforms in early care and education. In relation to a field of research that has examined the impact of marketization reforms in a wide range of national contexts, this article explores a particularly intriguing puzzle: Why were such marketization reforms carried out not only in market economies such as the USA, but also in the paradigmatic example of a social-democratic welfare state of Sweden?

**Theory, method, and sources**

In this article, we use early care and education, preschool and childcare interchangeably to indicate the childcare that Swedish municipalities (either via private or municipal institutions) are required to provide under-school age children in the form of preschools. That is, a form of preschool that combines care and education and expresses purposes of social policy, family policy, and educational policy (Löfdahl and Folke-Fichtelius 2015).

The present article is based on theories of political institutions and historical institutionalism. These theories focus on the role that institutions play in people’s actions. We are primarily influenced by the emphasis placed on continuity and path dependency, where theorists have highlighted how, for various reasons, actions tend to reinforce and affirm the current order (Mahoney 2000). In the context of preschool systems, such a perspective has been employed to stress how past choices restrain future choices and how ‘institutional stickiness’ is a feature of such systems (Scheiwe and Willekens 2009, 2).

An important factor emphasized in the literature on historical institutionalism is positive feedback mechanisms. These mechanisms can be based on the benefits that continuity implies, compared to the personal, organizational, and financial costs that change may entail (Mahoney 2000). Studies have indicated that it may be difficult to reform welfare states since they have a group of beneficiaries who will struggle to maintain welfare programs (Zehavi 2012, 313). Apart from such vested interests in welfare programs, the complexity of welfare states, through which alterations in one policy may affect the function of many other policies, has also been presented as a factor leading to path dependency (Bergh and Erlingsson 2009).

Two additional stability-creating factors in politics are veto players and veto points (Hammond 2009; Zehavi 2012, 312–313). Veto players are political actors who have such a position that their approval is necessary for change to take place. Therefore, who these actors are and how they and their positions change over time are crucial questions to answer in order to understand policy change and continuity. Veto points refer to positions where a decision must be approved in order to be implemented (for example, the House, Senate, and President in the United States).
However, in order to explain change, several concepts have been introduced. In line with historical institutionalism, we stress how change can be viewed as a sequence, where each step is a reaction to the previous step (Mahoney 2000, 509). In this case, we do not see the introduction of preschool vouchers as a result of the political situation that existed in 2009, but as a result of a longer sequence and the steps taken earlier. Like other studies that have had similar starting points, we will focus on the important shifts (‘initial ruptures’) in the sequence. A historical analysis has the purpose of studying a process in more detail on the basis of the decisive steps taken in this process and the basic choices made (Mahoney 2000, 527).

Studies in institutionalism have also addressed the role of power, political conflicts, and partisanship, and how political actors can support a change to maintain their position (Klitgaard 2007; Hicks 2015). Of utmost importance to this article are studies that have analyzed how change can occur step by step. Thelen (2004), for example, has highlighted how change can take place through institutional layering. By adding new elements to existing and difficult-to-change structures, entire systems may be changed. Thelen has also pointed out how change can happen through conversion; that is, by introducing new goals, or the inclusion of new groups among those upon which the institution is based (Thelen 2004, 35–36).

Such an institutionalist framework has been used in various studies of the introduction of education markets. For example, Klitgaard (2007) argued that the Swedish Social Democrats supported the marketization of primary and secondary school in order to preserve the legitimacy of the welfare state, which was perceived as their most important power resource. Hicks (2015) argued that marketization, in a political context of left and right-wing parties, is a less conflict-ridden issue in countries with less visible inequality (such as Sweden) than it is in more unequal countries, such as England. In a comparative analysis between Sweden and the United States, Klitgaard (2008) noted how such reforms are more difficult to implement in the United States, with its veto players and veto points positioned in a federal structure and political conflicts among Congress, the Senate, and the President.

Based on this theoretical framework, we have chosen to examine the introduction of childcare vouchers in Sweden as part of a longer political process. Instead of focusing on the enactment of childcare vouchers in 2009, we will study this issue starting from the ban on public subsidies to private preschools in 1984 (Lex Pysslingen), and conclude with the introduction of childcare vouchers in 2009 and the Social Democrats’ decision not to abolish these vouchers when back in power in 2014. To explain this crucial shift in Swedish childcare policy, we consider this shift as a sequence, where each step was a reaction to the previous one. In this regard, we can show how the introduction of childcare vouchers, despite being described as a shift from public sector governance, was the result of an incremental change, in which layering processes played an important role.

This article is based on sources from the Swedish parliament (riksdagen), which is the national legislature of Sweden that enacts laws and appoints the prime minister, who selects the ministers of his/her cabinet (Möller 2016). The politics of the parliament is structured in accordance to a European multi-party system, where political blocs play a vital role. Swedish politics is marked by a right-wing and a left-wing political bloc. The liberal-conservative block consists of the Moderate Party (Moderata samlingspartiet), the Liberals (Liberalerna, formerly the Liberal People’s Party, Folkpartiet liberalerna, and
prior to that, the People’s Party, *Folkpartiet*), The Center Party (*Centerpartiet*), and the Christian Democrats (*Kristdemokraterna*, formerly the Christian Democratic Unity, *Krisodemokratiska Samhällspartiet*). The red-green bloc includes cooperation among the Social Democratic Party (*Sveriges socialdemokratiska arbetareparti*), the Left Party (*Vänsterpartiet*, formerly Left Party – the Communists, *Vänsterpartiet kommunisterna*), and the Green Party, *Miljöpartiet de gröna*. In addition, the period under investigation saw the rise of right-wing populist parties with an anti-immigration agenda, not included in these two blocs. In 1991–1994, New Democracy (*Ny Demokrati*) took seats in the parliament, and from 2010 the Sweden Democrats (*Sverigedemokraterna*) have held representation in the parliament (Hagevi 2015; Möller 2016). The Sweden Democrats played a small, but not insignificant role, in the marketization reforms under study.

This two-bloc political system, built on formalized parliamentarianism, forms the basis for the political processes examined in this article. This division between two blocks structured the debate and affected the political decisions that could be taken, depending on which block had the majority of seats at the parliament. While the liberal-conservative bloc generally favored marketization reforms, the red-green bloc took an either critical or ambivalent position.

Our investigation of the politics of the Swedish parliament is focused on the vital policy shifts. These include the debate on Lex Pysslingen in 1983–1984, the abolishment of Lex Pysslingen in 1991, the attempts at marketization reforms in 1994, the freedom to establish commercial preschools in 2006, and the introduction of childcare vouchers in 2009. Our study has mainly focused on motions from the parliament and propositions from the governing cabinet, but has also examined parliamentary minutes and parliamentary reports at these vital stages of the political process. While this selection of materials will not enable us to present a general history of the politics of childcare, it does provide a firm basis for an examination of the mechanisms of the fundamental policy shifts from Lex Pysslingen to childcare vouchers.

Apart from enabling an analysis of the specific case of marketization of early care and education in Sweden, these sources also form the basis for the theoretical contribution of the present article. In addition to promoting a perspective of historical institutionalism in the study of early care and education, the main theoretical contribution of this article lies in its emphasis on the changing size of the sector targeted by marketization reform. Although we acknowledge the role of shifts, layering, veto players, and feedback loops, we also want to stress the significance of the expansion of the early care and education sector in Sweden. We suggest that marketization reforms were facilitated by a period of expansion when these preschools could not only be said to increase the quality of provision, but also the quantity of provision without reducing the amount of public preschools. As is evident from this article, size matters in marketization reform.

**Lex Pysslingen**

The debate on the marketization of the preschool sector was initiated on Boxing Day, 1983, when a leading Swedish newspaper reported that the Swedish home appliance manufacturer Electrolux planned to start a commercial preschool that later would be named *Pysslingen*. These plans, supported by the Swedish Employers Association, were intended to provoke debate regarding the organization of the Swedish welfare state
(Linnarsson 2017, 195–197). In this respect the plans were successful: the political debate on Pysslingen remains to this day a milestone in narratives of the Swedish welfare state.

At the time of this proposal, Swedish preschools were almost exclusively publicly organized and financed. Although Swedish preschools had previously been run by private individuals and associations – the latter including kindergarten associations inspired by their German counterparts – the municipal preschools’ share of all preschools increased in the post-war period from 7% in 1941 to 96% in 1970 (Tallberg Broman 1995, 133). This development was cemented by the Law on Childcare (1975), which, although mainly addressing five- and six-year-olds, defined preschools for children under school-age as a municipal responsibility (Martin Korpi 2007, 24–25).

In Swedish politics, which was structured in a divide between the left-wing bloc and the liberal and conservative bloc, this organization of childcare was the firm position of the left: neither for-profit nor non-profit preschools were seen as a preferable way to organize childcare. In 1983, the ruling Social Democratic Party had even opposed a wider support of non-commercial preschools cooperatively owned by parents, for example (Motion in parliament 1982/83:1083; Parliamentary minutes 1982/83:107 Thursday, 24 March 2010 AM).

In the context of marketization, the Pysslingen debate illustrates the different positions taken by the left- and right-wing parties in the early 1980s. The liberal and conservative parties were all in favor of providing the same public economic support to commercial preschools as municipal preschools. They argued that commercial preschools would increase the parents’ freedom of choice and would inspire competition, which would lead to pedagogical development and more effective management of preschools (Linnarsson 2017). In contrast, the Social Democratic Party opposed publicly funded commercial preschools, arguing that the welfare state should support only municipal preschools or preschools cooperatively owned by parents. The Social Democratic Party argued that commercial preschools were ‘unnatural’ and that private preschools would make it harder for the government as well as parents to oversee and influence them (Linnarsson 2017, 198–225). In a famous formulation, the Swedish Prime Minister Olof Palme even compared Pysslingen to Kentucky Fried Chicken (Gingrich 2011, 1) – a clear symbol of commercialization, industrialization, and Americanization.

Following this debate, the ruling Social Democratic Party enacted legislation in the fall of 1984 that prohibited commercial preschools from public funding, allowing municipalities to receive central government funds for preschools run by parents or non-profit organizations (Linnarsson 2017, 225–231). Nevertheless, in light of the expanding preschool sector, the right-wing parties continued to press for the introduction of commercial preschools within the Swedish preschool sector. In 1985, the Swedish Parliament granted the bill ‘Preschool for all’ (Government bill 1984/85:209), which stated the right of all children above 18 months to attend preschool until they started school. This ambitious plan for a truly universal preschool sector created a shortage of preschools that the right wing used as an argument for public support of privately run preschools (e.g. Motion in parliament 1985/86:So603).

Since the Social Democratic Party was the main veto player in Swedish politics during the 1980s, a proposal that promoted for-profit preschools could not win parliamentary support. Nevertheless, these suggestions challenged the political position of the Social Democrats in a context where more preschools were needed, and where the Social
Democrats were affected by the global diffusion of a market ideology (Djelic 2006). In the 1980s, the Social Democrats formulated their own version of the concept of freedom of choice, which would provide increased efficiency and ‘user influence’ through the public sector at a safe distance from the open market (Andersson 2006, 120).

In the preschool sector, the Social Democrats acknowledged the potential of alternative organizational forms already in the proposal for Lex Pysslingen. Here, the Social Democrats highlighted preschools organized by parents as a positive alternative in contrast to commercial preschools. This was also emphasized in the ‘Preschool for all’ bill that mentions preschools organized by parents alongside with municipal preschools as examples of institutions that would provide child care to children above 18 months (Government bill 1983/84:177; Government bill 1984/85:209). The late 1980s also saw an increase in the number of preschools run by parents, which received the same government grants as preschools run by the municipality. However, the proportion of non-public preschools remained low (3.5%) and far from all municipalities supported these preschools financially (Aktionsgruppen för barnomsorg 1990, 75, 77, 80).

In this context of an expanding preschool sector and a belief in the added value of non-profit preschools, the Social Democrats chose to widen the scope of non-profit preschools eligible for state funding to preschools cooperatively owned and run by preschool personnel (Government bill 1990/91:38). The Social Democrats argued that this reform would facilitate the establishment of new preschools and create more alternatives for parents. In contrast to commercial preschools, cooperatively owned preschools would ensure the same quality as in preschools run by municipalities (Parliamentary minutes 1990/91:35 Thursday, 29 November 2012 AM; Government bill 1990/91:38). The Green party took the same stance. However, not all parties supported this formulation of the bill. The Left Party opposed it on the grounds that only the public sector should run preschools. However, they liked the idea of preschools run by preschool staff, but argued that this could be accomplished in municipal preschools along the lines of workplace democracy (Parliamentary minutes 1990/91:35 Thursday, 29 November 2012 AM) – a vision of workplace organization promoted by the left (Hedin 2015).

**The abolition of Lex Pysslingen**

As evident from above, the Social Democrats remained the main veto player that obstructed any proposal to introduce commercial preschools into the Swedish preschool sector during the 1980s. In 1991, however, the parliamentary context of preschool politics changed. In September of that year, the Social Democrats lost the national election and the liberal and conservative parties formed a coalition minority cabinet on 4 October 1991. One of the top priorities of the new cabinet was the famous Lex Pysslingen law of 1984, and its demonstrative stance against for-profit welfare institutions. On November 4, the cabinet presented the government bill ‘Freedom of choice within Early Childhood Education and Care’ that was passed on 17 December 1991 (Government bill 1991/92:65; Parliamentary minutes 1991/92:47 Tuesday, December 17, 9 AM). This bill reversed the Lex Pysslingen, allowing for public funds to be distributed to both commercial and non-commercial private preschools, following certain criteria.

Based on the theoretical perspective of political institutions presented above, this reversal of Lex Pysslingen may be explained in terms of the changing position of veto
players. When the right-wing parties won the election in 1991, the Anti-Lex Pysslingen bill could be enacted regardless of the support from the Social Democrats. This change in government from left to right stood in stark contrast to the continuity of the political debate where the right-wing parties continued to present the same fundamental arguments as in the 1980s. The liberal and conservative parties argued that providing public funds to all private preschools would create a fair system under a set of regulations that would ensure the quality of provision and did not discriminate any form of preschool. They also argued that the new legislation would increase the freedom of choice for parents and for preschool personnel, strengthen the cost efficiency of the preschool sector, and increase the number of available preschools (Government bill 1991/92:65; Parliamentary minutes 1991/92:47 Tuesday, December 17, 9 AM).

This abolition of the Lex Pysslingen law may also be understood in terms of layering. While it allowed private preschools to receive public funds, it did not make any fundamental changes to the conditions of the public preschools. Therefore, it was not a revolutionary legislation that abolished public preschools, but rather a legislation that allowed private preschools to be publicly funded within this system under certain rather restrictive regulations. In order to receive funding, municipalities had to make a deliberate decision to include private preschools in their childcare plan (barnomsorgsplan), and certain standards regarding the quality of the childcare had to be reached (Government bill 1991/92:65). This meant that the final decision to allow commercial preschools to receive public funds was left to the municipalities.

While the right-wing government perceived this part of the proposal as a potential issue, the power of existing institutional arrangements is evident from the cabinet’s proposal. They noted that a proposal that did not leave the final decision to the municipalities was preferable, but that such a reform would require further investigations into the impact of such a reform. As in other cases (see, e.g. Bergh and Erlingsson 2009), the complexity of welfare states was a factor that limited reform also in the marketization of the preschool sector. Since the cabinet was not able to address this complexity at this stage, they instead noted that the municipalities had to be trusted to carry out the vision of their government (Government bill 1991/92:65). In theoretical terms, the hard-to-change institutions of early care and education could only be dealt with by layering: adding private preschools to the existing system of municipal preschools governed by childcare plans.

As a result, the bill did not imply a complete abolition of Lex Pysslingen. Instead, it was merely a step towards such an abolition since it included the 290 Swedish municipalities as veto points in the implementation of this reform. In doing so, the bill implied an incremental reform that was acceptable to both political blocs of the Swedish parliament. The bill permitted right-wing municipalities – which had, prior to this decision, circumvented the regulations by allowing private companies to take part in the management of preschools – to promote completely privately run preschools. On the other hand, this bill meant that left-wing municipalities could still exclude private preschools from their plans. As a result, some municipalities enforced their own local Lex Pysslingen. As Elinder and Jordahl (2013) showed, municipalities governed by a left-wing party coalition were less prone than right-wing municipalities to allow private preschools in the period 1998–2006.
Since the right-wing parties remained in power in the early 1990s, they proposed further market-oriented reforms following the abolishment of the Lex Pysslingen in 1991. One such reform was the introduction of childcare vouchers. This idea of distributing public funds across preschools by presenting them with a virtual voucher to spend on the childcare of the parents’ choice was not new. The idea was first mentioned in parliament in 1985 by the conservative Member of Parliament Ingegerd Troedsson (from the Moderate Party) in a plea to change the whole system of how the government allocated its funds on health care, education, and childcare (Parliamentary minutes 1984/85:76, Thursday, February 7, 10 am). This idea was later picked up in the fall of 1990 in the discussion on how childcare should be organized more generally. In that debate, the conservatives argued that it was unfair that the government only supported parents with children in preschool. Instead, they wanted to introduce childcare vouchers that parents could either spend on preschools, child-minders, or as a subsidy for parents who choose to stay at home with their children (Parliamentary minutes 1990/91: 7 Thursday, October 11, 9 am).

The idea of childcare vouchers was also legitimated by the introduction of school vouchers within the primary and secondary school system in 1991, which meant that private schools were entitled to 85% and later 100% of the spending in public schools per student (Wiborg 2015, 475). Against the background of this development in primary and secondary schooling, the right-wing cabinet proposed a childcare voucher system in 1993. This proposal would obligate the municipalities to fund both non-profit and for-profit preschools and give them the same financial support as preschools run by the municipalities. The proposition also included economic compensation for parents who stayed home to take care of their own children by introducing a childcare allowance (Government bill 1993/94: 11).

This proposition was criticized by the left-wing parties, which were strongly opposed to the idea of giving economic compensation to stay-at-home parents; the Left Party even described the proposition as a woman trap (kvinnofälla). The Social Democrats especially targeted the suggestion that municipalities should be obligated to fund private preschools. According to them, evidence indicated that municipalities that allowed private preschools had a higher ratio of children per childcare worker. The Social Democrats also feared that childcare vouchers would lead to increased social segregation and negatively affect children with special needs (Motion in parliament 1993/94:So14; Motion in parliament 1993/94:So15).

The debate on childcare vouchers indicates how the conditions of Swedish politics in the 1990s affected the Swedish preschool sector. It is evident from the debate that the position of the left-wing parties slowly continued to shift in favor of private initiative and parental choice. At this point, not even the Left Party was completely opposed to private preschools. Instead, it wanted the municipalities to have the right to decide whether a non-profit private preschool should receive funding, in order to promote the quality of the preschools. The liberal and the conservative parties, on the other hand, saw these demands as an attempt to hinder private preschools and argued that the government bill would place the same requirements on municipal preschools as on private preschools. They also stressed the importance of every family’s right to choose how they should care for their children (Parliamentary minutes 1993/94:47 Friday, 17 December 2014.15).
Since the right-wing parties were still in government, the Government bill 1993/94:11 on childcare vouchers was passed at the end of the debate. As promised, this bill was followed by another bill at the beginning of 1994 that proposed a childcare allowance for parents that stayed home to take care of their own children (between the ages of one and three). The main arguments for this reform were to strengthen the parents’ freedom of choice (Government bill 1993/94:148). After the government bill was passed, a childcare allowance for parents was implemented from 1 July 1994 (Parliamentary minutes 1993/94:108, Friday, 20 May 2009.00).

Again, however, the changing position of veto players in the Swedish political system affected the outcome of this debate. Since the liberal and conservative parties lost the election in the autumn of 1994 and the Green party again took a place in parliament, childcare vouchers were no longer supported by the Swedish parliament governed by the Social Democrats. As a result, the system of childcare vouchers was abolished in the fall of 1994 (Government bill 1994/95:61). The Social Democrats argued that the municipalities must have the right to plan their childcare in order to make sound organizational and economic decisions. Although the Social Democrats led a minority cabinet, the bill was passed with the support of the Left Party and the Green Party (Parliamentary minutes 1994/95:43 Thursday, 15 December 2012.00–17.55). As result, the childcare allowance system was only in use for 6 months and the law requiring municipalities to fund private preschools was never introduced.

The introduction of childcare vouchers

Although the Social Democratic Party remained in power from 1994 to 2006, the left-wing parties did not question the status of private preschools. The fact that they did not attempt to reintroduce the Lex Pysslingen indicates that they had accepted publicly funded private preschools alongside the municipal preschools. This was evident already in April 1992, when the Social Democratic parliament member Bo Holmberg said that the Social Democrats had nothing against publicly funded private preschools per se, as long as it did not lead to deficiencies in the quality of the childcare and major differences in parental fees (Parliamentary minutes 1991/92:99, Thursday, 23 April 2012.00–22:58). In addition to being interpreted in relation to the above-mentioned ideological changes of the Social Democratic Party, in an era of neoliberal political thought, this may also be interpreted in terms of a Social Democratic defense of the welfare state (Klitgaard 2007, 173–174).

In this case, however, allowing market-oriented reforms were not merely a defense for an existing public sector, but a strategic move in support of the increasing public expenditure that the ever-expanding preschool sector required (see Figure 1). This was partly a matter of avoiding the political costs of abolishing what was by now an established system of private preschools. The political cost of trying to reintroduce the Lex Pysslingen was indicated in the parliamentary debate. While not able to fundamentally oppose the left-wing parties’ current stance on private preschools, the liberal and conservative parties resorted to criticizing the law of Lex Pysslingen when arguing for proposals to increase parental freedom of choice within the preschool sector (e.g. Motion in parliament 1994/95:So209; Motion in parliament 1996/97:So636; Motion in parliament 1996/97:So639; Motion in parliament 1997/98:So240; Motion in parliament 2000/
01:So303). In such a political climate, accepting private preschools certainly had political benefits.

Again, however, the changing power of veto players in the Swedish parliament enabled further market-oriented reforms. In 2006, the weakened position of the Social Democrats allowed a coalition of the right-wing parties and the Green Party to strengthen the position of private preschools. Again, this was not a matter of a comprehensive reform, but rather a layering move that introduced yet another market-friendly policy item. Under new legislation, private preschools were granted public funds if they met the standards regarding the quality of the childcare set by laws and regulations, regardless of whether the municipalities had included them in their plans (bet. 2005/06:UbU13, rskr. 2005/06:240).

When the right-wing parties won the election later that year, further incremental steps were taken to promote marketization reforms. Building on the previous reform that allowed all preschools with a certain standard to be publicly funded, the right-wing cabinet presented a new proposal for a childcare voucher system in 2008, which mirrored the school voucher system that, by that time, had been in place for more than 15 years. In 2008, therefore, this childcare voucher system did not imply a revolution, but merely provided the public funding of private preschools with a national framework in which resources were distributed across public and private preschools based on a certain sum per child. This proposal stressed that this reform would increase parents’ freedom of choice and that the voucher system would promote preschools that fit the needs and wishes of parents, stimulate a wider range of educational practices, and even encourage female entrepreneurship (Government bill 2008/09:115).

Although the left-wing parties accepted private preschools, they opposed this proposal. Neither the Social Democrats nor the Green Party opposed parental freedom of choice, but the Social Democrats argued that the childcare voucher reform risked draining municipal resources and the Green Party did not see the need for a reform that forced municipalities to fund private preschools. The Left Party argued that the bill put company profits before the needs of children and that this would imply increasing costs and lower quality of service (Motions in parliament 2008/09:Ub19–22; Parliamentary minutes 2008/09:104 Wednesdays 22 April 2009:00–16:11). Since the left-wing parties were in the minority, the parliament nevertheless accepted the proposal on national childcare vouchers to be enacted on 1 July 2009.

When the Social Democratic Party again rose to power in 2014 to form a coalition minority cabinet together with the Green Party, no attempts were made to restrict the market-oriented reforms of previous cabinets. The Left Party remained the only critics of the childcare vouchers (e.g. 2014/15:67 Thursday March 5; 2015/16:73 Wednesday March 2; 2017/18:76 Wednesday February 28). Instead, the Social Democrats remained silent on this matter in parliament, again proving that the marketization of the Swedish preschool sector was not a simple question of bloc politics, where the liberals and conservatives were pitted against the left. Instead, the position of the Social Democrats indicated the political costs of abolishing an established reform and the benefits of accepting market-oriented reforms once they had been enacted. It could also be argued that it was nearly futile for the Social democrats to try to dismantle the reforms since they had formed cabinet together with the Green Party, which had started leaning towards supporting a preschool market in 2008. Encompassing reforms also became more
difficult to enact after 2010, when the Swedish Democrats entered the parliament. As a result, the chances for either of the blocs to form a majority cabinet were reduced (Aylott 2015).

Following the argument of Klitgaard (2007), this continued silence may again be related to the Social Democrats support of an extensive publicly funded preschool. Since the market-oriented reforms did not abolish public preschools, but merely introduced private preschools and new funding mechanisms, such reforms secured support across the political spectrum. Unlike other sectors, however, market-oriented reforms targeting preschools were not only a defense of existing public provision of services, but may instead be interpreted as part of a strategy to provide political legitimacy for an expanding public sector. Using the terms of a well-worn idiom: Although the Social Democrats lost the battle of marketization, they had won the war on publicly funded preschools for all.

**In conclusion**

While marketization is a global trend, this process has national, regional, and local features. In this article, we have examined how childcare vouchers could be introduced in the context of the Swedish welfare state. Basing our argument on theories of political institutions and historical institutionalism, we have argued that this remarkable shift in preschool policy was not only a matter of an increasingly influential market ideology, but due to a set of specific historical premises. The marketization of Swedish preschools was possible since it did not imply abolishing a public system of preschools, but instead allowed private preschools to complement existing public municipal preschools. In an expanding preschool system, this meant that such reforms motivated by a market ideology of consumer choice was never a threat to public preschools; instead, it merely meant that additional preschools were added to the existing system of public preschools.

These market-oriented reforms were also possible because of their incremental character. In the Swedish case, the first step was to revoke the prohibition to publicly fund for-profit preschools (the so-called Lex Pysslingen) in 1991. This decision still allowed municipalities to enact local Lex Pysslingen bans of private preschools. In 2006, commercial preschools were first given freedom of establishment regardless of the position taken by the municipalities, and then in 2009 childcare vouchers were introduced. This sequence of decisions was supported by the regular shifts of political power in the Swedish parliament, which enabled right-wing cabinets to push for reform. While left-wing cabinets opposed market-oriented reforms, particularly when they were not in government, the political costs of revoking reforms established by the right-wing parties were considered too high.

In addition, we suggest that the Social Democrats position on market-oriented reforms must be related to their firm support of the welfare state. Unlike other instances, where the acceptance of such reforms may be understood as a defense of the welfare state (Klitgaard 2007), we argue that, in the context of an expanding publicly funded preschool sector, market-oriented reforms became a vital part of this expansion of the public sector. Although the abolition of Lex Pysslingen, and later the introduction of childcare vouchers, targeted the policies of the left, they did not threaten – but, in fact, cemented – the position that the Swedish welfare state should increase their investments into a publicly funded universal preschool.
Therefore, in the Swedish context, the introduction of childcare vouchers may not only be understood as the result of a neoliberal market ideology. While certainly motivated and legitimated by such an ideology, these market reforms were instead the result of a historical process in which market-oriented reforms were supported by the political dynamics between left- and right-wing politics, incremental and layering policy reforms that, in line with left-wing politics, promoted the expansion of a publicly funded preschool sector, rather than questioning it at its core. Adding to these mechanisms of process, layering, and feed-back, this article emphasizes the role of the expanding sector of early care and education in Sweden. Thus, the Swedish example illustrates how the size of the sector under study may matter in marketization reforms.

Whether the expansion of early care and education should be understood as a real victory for left-wing political parties in Sweden or just a pyrrhic one depends on one’s perspective and is a question worthy of further studies. Marketization reforms in early care and education certainly facilitated the development towards a publicly funded preschool for all, which was sought after by the left-wing parties, and did not imply a significant step towards embracing a marketization ideology. After all, school vouchers had already been implemented in the 1990s. However, by creating a sector built on childcare vouchers and parental choice, it is possible to argue that the marketization of the Swedish welfare state took a final concluding step.

Regardless of how the marketization of early care and education may be perceived in terms of political wins or losses, this historical analysis may provide a lesson for future policymaking. One might expect that future reforms will follow a familiar pattern to these marketization reforms. If de-marketization reforms are attempted, we would expect them to make layered attempts at incremental revisions, all in favor of defending the current system of early care and education in Sweden. Furthermore, this analysis will hopefully also inspire further investigations into the development of preschools in other national contexts to determine the importance of such factors as veto players, institutional layering, positive feedback mechanisms, and the size of the early care and education sector.

Note

1. Pyssling is the Swedish word for small people or, for example, leprechauns or pixies (cf. how the term Zwerge [dwarf or gnome] is used when naming kindergartens in German-speaking countries).

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