



### Sale of Public Hospitals Under Fire

Sweden's Political Battleground



By **Johan Hjertqvist**

*Timbro*

To start, let me again thank all those who made my recent visit to Canada and the US highly interesting and rewarding. The positive reaction to my lectures and useful contacts I made indicate that a continuing exchange of ideas on health care reform might be useful. Working together to learn from history and to promote new ideas can convey enormous strength. National health care systems created -- and also hindered -- by welfare state values can be reformed and improved by joint projects and progressive alliances.

**Johan Hjertqvist** advises the Greater Stockholm Council on the health system and is director of "Health in transition", a four-year pilot project whose objective is to describe and analyse the operation of a competitive market within the public system for Timbro, a Swedish public policy thinktank. His Canadian tour during late 2000 generated considerable interest in what, by Canadian standards, is revolutionary reforms to public Medicare in Sweden. Mr. Hjertqvist has joined the advisory board of Winnipeg's Frontier Centre and has generously agreed to write a quarterly newsletter on Swedish health reform. Policy Frontiers is a publication of the Frontier Centre for Public Policy, a Winnipeg-based think tank that examines new policy ideas for the eastern prairies region of Canada. This publication is generously supported by a grant from the Max Bell Foundation.

### For Profit Healthcare Controversial

The day in October when I returned to Sweden, the Social Democrat government, with Green Party support, finally presented a bill intended to forbid the selling of emergency hospitals to profit-making companies. This strange document -- which during the preparations process was turned down by the supervising constitutional committee -- places a two-year moratorium on such sales, and gives the government time to investigate permanent restrictions. By imposing unique regulations requiring that a qualified, regional majority approve the sale of emergency hospitals, the government's intention is to make such proposals too difficult to proceed.

With this proposal, the Social Democrats run the risk of undermining a strong Swedish tradition, safeguarded by the constitution: local and regional independence. The purpose of this heresy? To stop a still very limited development that threatens the "old Swedish model", as the party interprets it.

In reality, very few people believe that such restrictions would put an end to change, because numerous ways of working around the prohibition will still exist. Within the parliamentary majority, confusion abounds around the proposal. Many principled Members of Parliament object to constitutional tinkering as a means to retain national control of health care policy.

### Provoking the Matter

The regional government of Stockholm had openly expressed the opinion that no court will be ready to handle this law. After some filibustering, the parliament passed it in late December. The Greater Council responded by



announcing that a second emergency hospital is up for sale. Early this year, the *St. Erik Ophthalmology Center*, which includes emergency care facilities, will be offered to a joint consortium of hospital personnel and a couple of large-scale health care companies. This step spits right in the national government's eye by pre-empting the intent of the new legislation. It will intensify the power struggle between national and regional levels. Many people say the election campaign of 2002 has already started.

In reality, how deep is the conflict between left and right?

On the regional level, the division of opinion is very limited. The Social Democrats have accepted all the health care reforms implemented by the centre-right majority up to the point of selling emergency hospitals. The national government, embarrassed by this unanimous support, doesn't want to publicize a split with the leadership of their colleagues who serve as the de facto regional opposition. As the metropolitan Social Democrats fail to deliver, the Prime Minister and his cabinet must campaign on social issues, and dodge what they fear will become a Liberal-Conservative showcase. This is a power struggle more than a fight over health care policies. This odd situation guarantees a long period of increasing antagonism and polarization.

### **Doctors for Hire**

In the real world of daily health care delivery, the positive developments in primary care

contracting continue. Faced with a worsening shortage of doctors and nurses in northern Sweden, regional governments there show signs of turning to contracted entrepreneurs as well as manpower agencies to attract personnel. The winners are not only nurses, but even more so private manpower companies. Increases in salary are dramatic: fresh, for-hire, primary health care doctors make roughly 10,000 Canadian dollars a month, meaning that the least skilled of them easily make much more money than their senior managers, who are part of the ordinary staff.

For-hire companies are rapidly growing and are now key operators in many parts of Sweden. The Stockholm branch of the US Manpower agency is the largest private employer in the metropolitan area. Remember, private for-hire agencies still were illegal in the early 1990s. The Council of the greater Gothenburg area – where the political majority this summer changed from a “confused center-right” orientation to a “weak center-left” one – recently proclaimed a stop to the hiring of private doctors and nurses. Already, waiting lists are growing and cancer patients are being sent home – literally from the operating room – due to a lack of nurses.

### **Recruitment a Key Factor**

The position of for-hire companies puts an extra accent on the change of values underway in Sweden. Weak and, even worse, incompetent employers find it increasingly difficult to attract staff who have modern expectations of professional management and good working conditions. The problem of recruitment could prove to be the critical element in favour of expanding marketization. One foreseeable effect of the change will be an increasing share of GNP for spending on health care. Professor Anders Lidström, a Social democrat whose specialty is health care, recently said that the financial resources for health care are a given, and that large salary increases for workers should therefore be impossible. In a year or two, that view may be seen as naïve. Who will come out the winner: health care personnel or politicians?

My conviction is that market forces are here to stay.

According to an epost poll taken in November, local authorities all over Sweden foresee increasing recruiting difficulty during the coming three-year period. Eighty percent of 122 mayors fear complications, ranging from an inability to deliver services to worn-down personnel. A large majority say they see an urgent need to make employment in schools and nursery homes more competitive by improving the working organization. (It remains to be seen if substantial change really will take place.) Recruitment is obviously at the heart of their concerns.

In the long run, the deficit problem cannot be resolved by stealing doctors and nurses from other parts of Sweden. Instead, Swedish authorities are looking abroad. Danish and Spanish doctors have already been recruited. Doctors with foreign education are being upgraded to conform to high Swedish standards. In Germany, 10,000 doctors are apparently unemployed, and Stockholm some weeks ago staged a first, highly successful road show in Berlin to start importing German competence. The most efficient bait in Germany is not high pay, but the natural beauty of Sweden. Most Germans dream of solitude and moose in the northern wilderness.

### **Contracting Continues**

New statistics have confirmed the previous trend, that local and regional authorities have rapidly increased competitive contracting. The volume of welfare services delivered by private companies on contract has tripled during the late 90s, albeit from a starting point of almost zero.

Do the Social Democrats oppose or favour more market solutions? Late last year the Social Democrat program committee revealed a proposal for a new party program, for adoption in 2002. Shuffling the old rhetoric of class agitation into the historic wastebin, the PM and party chairman, Göran Persson, announced that the party is giving up its long obsolete demand for popular control of the means of production. The legitimacy of the market economy will formally be accepted. He recommended that his party keep up its nominal

criticism of the capitalist system, but it's hard to imagine a working market economy without capitalist institutions.

This step reflects a movement of the more "enlightened" body of the party into the political centrefield, to attract middle-class voters. These "modernists" fully understand that citizens and patients no longer accept long waiting lists, a lack of influence and a lack of choice. They hate the prospect of reformed, consumer-focused health care and other kinds of public services successfully take shape in the Stockholm region, *the stronghold of the Conservatives*. But new, official national figures show the metropolitan region running no, or very short, waiting lists. Swedes living in other parts of the country have to wait quite a substantial time. These statistics support the argument that reforms in health care, with market mechanisms, pluralism in production and freedom of choice, cut waiting lists. Where the political majority turns down reform, people must wait.

### **A Social Democrat Dilemma**

The description above might give the impression that Sweden's "ruling party by nature" just recently left the Albanian stage. That is, of course, not true; but the new program proposal shows the complexity of the Social Democrat position. The party leadership is trying to find a balance between necessary reform, the adjustment of politics to new realities, and traditional values, to send signals of safety to older people and traditionalists. On the left, the Reformed Communists attract marginal voters by using Social Democratic slogans of the 80s. Social Democrat reformers understand that new demands can be met only by new approaches, but fear the spread of market ideas. Where's the limit? Is it at all possible to restrict development?

After successfully deregulating key policy areas like schools, pensions and energy markets, the Social Democrats now seem to have lost their footing. On the one hand, they support and even stress, in the new national

primary healthcare plan, the need for a large variety of health care producers. On the other, opening the market door has created some bad vibrations. It's quite a dilemma.

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### Co-operation Welcomed

My first book, in a series of four that analyze health care reform in Sweden, was published in mid-November. It got very positive media coverage and was labelled the first report on health care politics to shake up conventional wisdom. My project has already given Timbro, a leading Swedish public policy institute, a new position in the health care debate.

When I referred my discussions in Canada to partners in Sweden, they signalled that closer co-operation would be welcome. Timbro/CVV, as well as the regional government of Stockholm and the Joint Regional Councils organization, appear interested in establishing contact. The Stockholm Council has proposed a study visit to that city, to give Canadians a closer look at what is underway here. Health care consultants in Stockholm are talking about Swedish-Canadian parallels and opening markets for new ideas. Timbro may translate a couple of books that dealing with the Swedish reforms to the welfare state into English. The development agency operated by the nurses' union wants to support efforts to market Swedish reform abroad. Joint projects that describe and compare the two health care systems seem warranted. These will be developed further in future newsletters.

In the 1998 elections, the Social Democrat government stayed in power by strongly focussing on classic welfare-policy issues: schools, elderly care and health care. Its centre-right opponents again failed to match the old Social Democrat credibility. Again, the desire for tax cuts came out second to the maintenance of traditional welfare services. In the Canadian federal election, Jean Chrétien's Liberal Party accomplished the same thing. On the national ballot, the Alliance Party failed to mount a sufficient challenge to the Liberal record on social policy. Whether the outcome in practice will block or provoke health care reform remains to be seen.

As George W. Bush enters the White House, neighbours of the US will be under tough pressure to adjust to lower taxes with more market solutions. When I return to Canada for a follow-up this fall, I will be quite curious to see if the climate for health care reform will be bullish or bearish.



**Johan Hjertqvist**



The Frontier Centre for Public Policy is an independent think tank whose mission is to explore options for the future by undertaking research and education that supports economic growth and opportunity. Contact information: 201-63 Albert Street • Winnipeg, Manitoba CANADA R3B 1G4 • Tel: (204) 957-1567 Fax: (204) 957-1570 • E-mail: [newideas@fcpp.org](mailto:newideas@fcpp.org) • Website: [www.fcpp.org](http://www.fcpp.org)