

Welfare on Sale

Neoliberal Reforms in a Swedish Municipality

Helena Löfgren, Södertörn University, PhD Candidate, Helena.lofgren@sh.se

Södertörns Högskola, Alfred Nobels allé 7, 141 89 Huddinge

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Abstract

This paper intends to describe and analyse the public housing sector in Stockholm Municipality and the privatisations and structural changes it has been subjected to over the last twenty years until today. The reasons for these changes and how they have been carried out will also be examined.

The public housing sector historically formed a large part of the Swedish welfare model. Its purpose was to be general and directed towards the entire population rather than just target socially vulnerable groups in society.¹ The Swedish public housing sector therefore differs from similar projects in other countries.

From the 1980s and onwards the public housing sector underwent vast changes, strongly influenced by the international emergence of Neoliberalism and New Public Management, where it was believed that privatization would increase efficiency and freedom of choice.

Many municipalities also became hesitant towards owning housing companies due to economic risk. And during the last 10 years there has been a reduction of 34,000 public apartments in Stockholm, sold to private individuals or private housing companies and constantly sold below market price. Though, some argue, this was not just due to municipalities' risk aversion, but also an ideological change with strong neoliberal influences. Where dwellings that previously

¹ Hedman, E., *Den kommunala allmännyttans historia*, Boverket, 2008, s. 13.

remained outside the commercial market went from being general and de-commodified to being exclusive commodities. This is one of the largest transfers of public resources into private ownership in contemporary Sweden.

The NPM influenced term "businesslike public housing"² describes the internal changes within the municipal housing sector in the 1990s. During this time most of the public housing companies in Sweden became limited companies with a strong focus on economic efficiency, the tenant went from being tenant to become customer.

The empirical material used in this study is political documents, official statistics and annual reports. The theoretical framework consists of Gøsta Esping-Andersen's theory on de-commodification of welfare,³ together with a development of Marx's theory on Primitive Accumulation in a contemporary setting, through David Harvey's idea on Accumulation by Dispossession.⁴

I have chosen to examine the privatization processes in Stockholm municipality. The study involves three of the largest public housing companies in Stockholm with currently a total stock of just over 70 000 apartments.

The results indicate a clear shift in the ownership of apartment buildings, away from public ownership, towards the benefit of private individuals and companies. What previously was not a commodity, has been commodified. One can also discern tendencies of rent seeking since these housing transactions often are a profitable business. Furthermore, change can also be seen in how the municipal housing companies are governed, where businesses and private enterprises have emerged as role models.

² Swedish: Affärsmässig allmännyttä.

³ Esping-Andersen, G., *The Three Worlds of Welfare Capitalism*, New Jersey, Princeton University Press, 1990 (1998).

⁴ Harvey, D., *The New Imperialism*, New York, Oxford University Press, 2003, pp. 147-148; Marx, K., *Capital Volume I*, Part Eight, Chapter 26, "So-Called Primitive Accumulation", London, Penguin Books, 1976 (1990).

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