A reflection on Richard Saltman’s “Structural patterns in Swedish health policy”

Professor Saltman takes a long view when he examines structural changes in the Swedish health care sector. This is a very welcome contribution to the literature, as health economics usually is preoccupied with current problems and short term measures dealing with these problems. It also makes good sense – institutional change is often a slow process, and it will in many cases take considerable time before the effects of caning institutions can be fully appreciated.

The paper contains a very useful overview of 30 years of Swedish health care. Saltman discusses structural patterns, and three of these seem to describe what has actually happened in (the two remaining are international trends that have failed to materialize in Sweden). In all these cases there has been change, but at a slow pace: the resilience of the county council, the slow growth of diversity among service providers and the slow strengthening of patients’ choice.

It is interesting to put this health-sector development in a (yet) broader perspective. Both diversity of providers and freedom of choice for patients can be seen as deregulations of the Swedish economy. The period from early 1980s till today is in fact characterized by a deep-going trend of deregulation in Sweden. At the macro level, this is captured by the Economic Freedom Index (ref). This index measures economic freedom in five dimensions and the overall score lies between 0 and 10. The highest level of economic freedom is usually found in countries like Singapore, with an index score around 9 (8.60 in 2010, which places Singapore in second place).

In 1980, Sweden was “a highly regulated economy with several state monopolies and low levels of economic freedom.” Less than 20 years later, liberal reforms turned Sweden into one of the world’s most open economies with a substantial increase in Economic freedom. The Swedish score increased from 5.68 in 1980 to 7.73 in 2010, which moved Sweden up from 37th to 18th place worldwide. The trend towards increased economic freedom is shared by Denmark, Finland and Norway, though none of the other countries had as little economic freedom in 1980 as Sweden, nor have they showed had an equally consistent increase.

Table 1: Scores of the Nordic countries in the Economic freedom index (overall rank in parenthesis)

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<tr>
<td>Denmark</td>
<td>6.39 (20)</td>
<td>6.53 (21)</td>
<td>7.26 (16)</td>
<td>7.73 (12)</td>
<td>7.92 (13)</td>
<td>7.94 (13)</td>
<td>7.94 (10)</td>
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<tr>
<td>Finland</td>
<td>6.65 (15)</td>
<td>6.92 (14)</td>
<td>7.24 (17)</td>
<td>7.5 (29)</td>
<td>7.73 (17)</td>
<td>7.97 (11)</td>
<td>7.91 (11)</td>
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<tr>
<td>Norway</td>
<td>5.79 (32)</td>
<td>6.46 (23)</td>
<td>7.13 (19)</td>
<td>7.56 (17)</td>
<td>7.27 (40)</td>
<td>7.69 (20)</td>
<td>7.49 (35)</td>
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<tr>
<td>Sweden</td>
<td>5.68 (37)</td>
<td>6.47 (22)</td>
<td>7.11 (21)</td>
<td>7.28 (28)</td>
<td>7.62 (19)</td>
<td>7.58 (29)</td>
<td>7.73 (18)</td>
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Among the many changes, there were several tax reforms. The marginal income tax rate peaked in Sweden 1979-82, with a tax rate of t 87%. By 1990, it had been reduced to 50%. There were state monopolies on postal services, telecommunication, electricity?, railway services, etc. Generally, the trend towards increasing regulations continued in the Swedish economy in the late 1970s. The possibilities for reform were being investigated from the late 1970s and deregulation began in the early 1980s.
So it appears that the trend towards more of market relationships in the health care sector is a reflection of the overall trend in the Swedish economy. Men staten kunde inte avregl sjukvården pga decentraliserad.

For one county council to deregulate would ...

Note the county councils have changed somewhat

Another important characteristic of the de-regulation of the Swedish economy is that the welfare state has proved more resilient than expected (its demise has frequently been predicted), but also that this resilience is due to the capacity of the welfare state to adapt to ne challenges and transform itself. This has an obvious parallel I helath care

In the new institutional economics, institutions are seen as the “rules of the game” – the humanely devised shaped constraints that shape human interaction (North 1990). Rules can be formal, such as laws and regulations, or they can be informal, like social norms. When we talk about a health care system we typically mean the formal rules. However, informal rules are equally important for the functioning of society.

On eparticuallry import apet of the nOirdic health care systems is that they exist in a context where the level of trust is extremely high byyh internaitona stnadards.

Table 2.

Thjis trust lilely helps undroin a work ethic in the Swedish labor force, reduce the priicipal-agent problem

Also relatedto th stated goal of equal access

May help explain the on-existence of chice of indivual surgeon; might easily lead to ranking of rugeons, and skjkuta I sant the ficion of equal reatment ofr equal need.

The health ce system is a set of formal rules governing issues related to health care. Ther are two important contextual issues: on the oen hand there are not only formal rules but also frmal rules. In new institutedonal economics we frequently see the istituiiens in siceety a “eh rules of eh game” that shae humn ineraction (North 1990).

North (1990)tt amously dfie istituiens as xxx, emphasise that the informal rules (scial norm etc) are eqally important as the formal ones for the futioning of society

The changes in the helth cresector shuld also be seen in the light of other institional changes that occurred in Swedn during this priod. The most obvious chaagne is the comparatively extensive deregulation that took place inswden. In the early 1990, state interventions very much more prominent thn today. 

Bergh 2014)