Deregulation, privatisation and marketisation of Nordic comprehensive education

Social changes reflected in schooling

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Deregulation, privatisation and marketisation of Nordic comprehensive education: social changes reflected in schooling

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\textbf{ABSTRACT}

The Nordic countries are often perceived as a coherent group representing the Nordic model of welfare states, with a strong emphasis on the public provision of universal welfare and a strong concern with social equality. But today we see a change in the Nordic model as part of a global knowledge economy. The aim of this article is to examine education in the five Nordic countries utilising three dimensions of political change: deregulation, marketisation and privatisation. We also analyse the parallel changes in relation to segregation and differentiation in education. The analysis shows that the themes related to deregulation seem to show fairly similar patterns and structures in all contexts. The emerging differences were discovered mainly in the themes of marketisation and privatisation. Institutional segregation emerges in all Nordic countries to different extents along the lines of these three processes, and we observe a simultaneous social segregation and differentiation with an ambiguous connection to them. Based on these findings, the question of what is left of the "Nordic model" could be raised.

\textbf{KEYWORDS}

comprehensive education; segregation and differentiation; deregulation; privatisation; marketisation

\section*{Introduction}

The five Nordic countries – Denmark, Finland, Iceland, Norway and Sweden – are often perceived as a coherent group representing the Nordic model of welfare states, which is usually understood as a social-democratic project of providing universal welfare, such as education, independent of individuals’ backgrounds and resources (Esping-Andersen, 1996). The Nordic welfare states have a strong emphasis on public provision of universal welfare and a strong concern with social equality, but there are also many differences in the state welfare programmes. Recent global, economic and social changes have affected the conditions of national welfare policy, and during the past three decades the governments of the five Nordic countries have restructured their
welfare policies to address this challenge. The key question we are addressing in this article is how welfare policies in the education sector have been reshaped under these conditions and how parallel and related societal changes such as segregation and differentiation have taken place.

We view the change in the Nordic model as part of a global development wherein education is considered as a major contribution to national competitiveness and economic growth and the education sector is gradually adjusted to this role. The political idea of education as an integral part of economic growth is not new, but recently the concept of the knowledge economy (Svare & Dabic, 2017), whereby knowledge (and education as a producer of knowledge) is the main source of wealth and growth, has been widely adopted, for instance, in the European Union’s 10-year strategies, the Lisbon Strategy of 2000 and Europe 2020 (Soriano & Mulatero, 2010). In analysing the change in Nordic education, we discuss how questions of education have been debated more and more in economic terms and how this has reformed the provisions for education. However, our viewing angle aims to analyse this through the lenses of social justice in education in terms of segregation and differentiation, rather than by focusing solely on questions of economics.

The debates on how neoliberal strategies (e.g. Olssen & Peters, 2005) or New Public Management (e.g. Ozga & Grek, 2012) affect education have been going on for decades. However, these concepts tend to be used too much and too vaguely, so we look instead at the reasoning behind them. In administrative sciences, it is pointed out how the public-sector reforms since the 1980s have roughly followed the ideas derived from the “Chicago school” of economics with an emphasis on deregulation, privatisation and marketisation (Lane, 1997, pp. 1–2). These are implemented with the help of measuring performance, supporting contractualism, or introducing market mechanisms and customer orientation to the public sector (Pollitt, 2009), and especially in the Nordic context with the help of decentralisation (Temmes, 1998, p. 450). We use these three concepts, deregulation, privatisation, and marketisation, in order to grasp the essence of education sector reforms that have consistently and simultaneously emerged in all five Nordic countries.

We see deregulation as a process of removing or reducing state regulations in the economy and elsewhere. In education deregulation may mean, for example, that state rules about the internal work of schools, such as the subjects taught, number of lessons, student behaviour and teacher salaries are abolished or delegated to lower administrative levels such as municipalities. Both privatisation and marketisation may forms of or consequences of deregulation. Privatisation means that public sector activities are outsourced to private firms or non-profit organisations. Different types of public service may be privatised, for instance law enforcement and education. The welfare state tradition of the Nordic countries means that many types of social service have historically been organised as public sector activities. Marketisation is a restructuring that enables public enterprises and institutions to operate more like market-oriented firms through adoption of private sector management practices and funding schemes emphasising market behaviour.

We also find these three trends in attempts to reform Nordic educational systems, which can be described in two waves, at least for some of the countries. The most important instance of deregulation took place during the first wave in the 1990s, when
highly centralised systems were decentralised; this increased the role of municipal providers of education (e.g. Simola, Rinne, Varjo, & Kauko, 2013). The second wave focused on privatisation and marketisation during the 2000s, when there was an attempt to create a school market by profiling schools, using privatisation and creating intensified school choice (e.g. Beach & Dovemark, 2011; Lundahl, Erixon Arreman, Holm, & Lundström, 2013). The overall trend in both developments is a movement by the state from being mainly a provider of education to mainly being a regulator (Beach, 2010). However, the state retains the authority to design the overall system and to control many of its practices.

Following the focus of this special issue, we analyse these three dimensions in the light of research in the Nordic countries and examine the empirical questions posed in each context. Methodologically, through conceptually focusing on articles concerning marketisation, privatisation and deregulation and questions of segregation and differentiation through education in the Nordic countries, we analyse the emergence and use of these concepts and the attached empirical fields of study. The material we draw on here includes articles written among the research community of Nordic Centre of Excellence Justice through Education (JustEd) with extensions to other relevant studies. This article could thus be seen as a summative work of different research projects focusing on the questions of equality and equity in education based on the work in JustEd (e.g. Beach & Dovemark, 2011; Dýrfjörð & Magnúsdóttir, 2016; Rasmussen, 2012; Simola, Kauko, Varjo, Kalalahti, & Sahlström, 2017). The authors have themselves contributed to the literature in this field and are familiar with the current debates on the topic in each country, and thereby also literature in national languages has been included in the analysis. The amount of research on the three dimensions varies from country to country, evident in the body of literature drawn on here. In this contribution our goal is to assemble the findings and investigate possible areas for future research in national and international contexts.

The question of reconciliation between the longer trend of economy-driven reforms and justice through education is key. In this article, we look at both aspects. In the first and main part we focus on the changes in deregulation, marketisation and privatisation, which are found in all the Nordic countries, albeit in different forms, combinations and time frames. In the last section we try to track the changes in levels of segregation and differentiation in schooling.

**An era of market-driven reforms in different school systems**

Our focus is on the comprehensive school, which was introduced in the Nordic countries through different reforms (Blossing, Imsen, & Moos, 2014b) from the 1960s to the 1990s. In this period the parallel and dual school system, which included the educational end points of more academically-oriented and more vocationally-oriented schools, was abolished, and a comprehensive school at lower secondary or upper secondary level put in place all over the Nordic countries.

The change took place because of major undercurrents that dated back centuries and coincided with demographic changes. At the end of the nineteenth century, industrialisation, population growth, nationalism and various other social movements created new grounds for compulsory education. The idea of compulsory folk education was first
realised in Nordic metropolitan areas, where, as in rural areas, children were still considered an important part of the labour force. In the early twentieth century the social democratic movement and its political co-operation with progressive and agrarian parties became an important driving force for expanding folk education all over the North. After the Second World War and as a continuation of the democratisation movement, the bipartisan grammar and folk school division was replaced by a unified and free-of-charge comprehensive school system for children between the ages of six/seven and 16 (Blossing, Imsen, & Moos, 2014a).

The welfare state systems relied on regulation and publicly-run educational provision (for the most part), as the implementation of the idea of equal education required a school system with unified structures and centralised control of resource allocation, curriculum and standards. However, in the early 1970s, centralisation was already being questioned (Lundahl, 2002). From the mid-1980s political discourse on social justice and equality were supplemented with values such as competition, freedom of choice and accountability (Dovemark, 2004; Englund, 1996; Telhaug & Tønnesen, 1992; Varjo, 2007). New forms of governance and discourse were introduced at the same time that the political discourse of competition on the global market was becoming commonplace. These educational policy changes can be described in the terms presented in the introduction: deregulation, privatisation and marketisation. These processes are traced in the following, drawing both on the empirical documentation and on theoretical discussions around these concepts.

**Deregulation: the changing role of the state**

In the Nordic comprehensive school policy setting, deregulation is entangled with the general change in the organisation of the political system and with how schools are run. Regarding their organisation, the different Nordic political systems went through a strong deregulation phase during the 1980s and 1990s, as a result of which they significantly reframed the power between the state and the municipalities in all five countries. The general international trend in educational governance has long emphasised evaluation-based directives (Smith, 1990). Even in seemingly uncontrolled environments, the strongest evaluation-based tools are inspections to monitor the organisation of schooling and standardised tests to control the content of teaching (Kauko & Salokangas, 2015). In the Nordic context, apart from Finland all countries are governed by a national curriculum and national tests and examinations, but there is a degree of organisational freedom in each country. Finland stands out as a separate case, as there is no standardised testing at the comprehensive school stage nor are there school inspections.

Deregulation was supported by the argument that these changes were inevitable global phenomena and would improve performance and social justice in the school system (Jóhannesson, Lindblad, & Simola, 2002). The implementation was done by the centre-right and social democratic governments in all five countries. The change to decentralisation and also the new evaluation practices were catalysed by intensifying relations with international organisations. For instance, O.E.C.D. reports, which are ordered by the national governments, are used to legitimise economic and strict educational policy decisions (Kauko & Varjo, 2008; Rinne, Kallo, & Hokka, 2004);
sometimes these are followed closely; for instance, the O.E.C.D. considered Sweden as a model country of decentralisation in the mid-1990s (Aasen, 2003).

As part of the general trend in the Nordic countries, Sweden went through a “municipalisation process” (kommunalisering in Swedish) in 1991, which meant that many of the responsibilities related to the governance and financing of education were shifted from the state to the municipalities and the local level. Gustafsson, Sörlin, and Vlachos (2016) argue that the “municipalisation process” can be described as “marketisation” per se, because the responsibility for education moved in effect from the state to the municipalities followed by various reforms in free school choice (Beach & Dovemark, 2007, 2009, 2011).

In Finland the main changes to deregulation were seen in the increased funding and organisational autonomy of the municipalities, the main providers of education at the primary and secondary school levels (Law 707/1992, 365/1995). As a result, the state has few means of controlling the municipal education providers. An example is the role of the school inspection, which changed after the establishment of comprehensive schools and was gradually abolished during the 1980s and 1990s (Varjo, Rinne, & Simola, 2016). Instead, Finland’s National Board of Education used information governance to urge municipalities to introduce indicator-based quality assurance systems, with varying outcomes (Kauko & Varjo, 2008; Simola et al., 2013). The effect of decentralisation on autonomy at the local level in Finland has intensified, owing to the lack of central steering and accountability tools.

In Denmark, schools have generally been funded and managed by the municipalities, but earlier their activities were controlled by detailed state regulations, which cover not only the curriculum, but also all aspects of school life. The gradual introduction of New Public Management principles from the 1980s eliminated many of these regulations and left it to the municipalities to manage resource allocation and local school structures under the changing conditions. At the same time, however, the state introduced procedures and institutions for ex post evaluation of the quality of schooling; for instance municipalities were obliged to publish yearly reports on school quality (Danmarks Evalueringsinstitut, 2009). The changes led gradually to marketisation, as municipalities allowed choice across school districts. The Danish “Quality Reform” of 2008 obliged municipalities to regulate quality assurance, including user surveys, for instance (Rasmussen, 2012).

In Norway, there are similar patterns. Although the state of Norway has retained local representation in educational matters through county governors (fylkesmannen), the relation between the state and municipalities as well as between municipalities and schools began to change focus in the 1990s, from controlling the input to controlling the output, thereby effectively increasing the decentralisation of power (Borge & Rattsø, 1997; Wiborg, 2013). According to Imsen and Volckmar (2014), the principal reasons for introducing management by objectives were to update the schools to meet the requirements of a knowledge-based global economy. The same pattern appears in the structure of compulsory education in Iceland, which was decentralised by law in 1995 with the Basic School Act: the municipalities became responsible for compulsory schools (Sigurðardóttir, Guðjónsdóttir, & Karlsdóttir, 2014), yet with a strong focus on accountability and standardised tests, as well as internal and external evaluation frameworks. Standardised tests have been administered since 1977 for determining
access to upper-secondary education; in 1996 standardised tests in math and literacy for fourth and seventh grades were added (Hansen, 2013). In 2015 the control became even tighter when two institutions, one representing evaluation and the other representing curriculum materials, merged to become the New Directorate of Education (91/2015), which is in charge of national curriculum materials, educational consultancy and the production of national tests and standard evaluation instruments (Dýrfjörð & Magnúsdóttir, 2016).

To sum up, currently the responsibility for comprehensive education in the Nordic countries is located at two levels: the municipalities, which build, finance and staff the schools, and the state, which decides the structure of the general guidelines of the national curricula. These guidelines are then applied and adjusted at the local level in municipalities and schools. In Iceland, Finland and Sweden the main responsibility for education is at the municipality level, while in Denmark and Norway, the state still controls the local level.

**Privatisation: variance from alternative schools to profit-making corporate school chains**

Ball and Youdell (2008) describe two types of privatisation of public education. One type is exogenous privatisation, a process whereby private educational providers enter the public education sector. The other type is endogenous privatisation, in which public education adopts terminology and discourses from the private sector; that is what we describe as marketisation in this article.

Exogenous privatisation is clearly evident in some Nordic countries: the mainly for-profit free school education in Sweden, a large sector of non-profit free schools in Denmark and an emerging sector of non-profit school chains in Iceland. In Finland and Norway the independent school sector consists mostly of alternative schools.

While Sweden has been eager to incorporate neo-liberal ideas such as privatisation, Finland, Norway and Iceland still have little privatisation of education and few possibilities for profit-making from schools (Lundahl, 2017). Denmark, in contrast, historically has had a greater number of private, so-called “free schools” than the other Nordic countries, based on a long-pervading ideology emphasising parents’ right to choose their children’s education. Legislation on private schooling was introduced as early as 1855 (Reeh, 2008) and represents a political tradition of limiting the power of the state over its citizens, especially in questions of religion and ideology. The idea is that parents and students should have the opportunity to choose schools based on different ideological platforms. Just as in Sweden, however, the private schools in Denmark are obliged to teach according to specifications in the national curriculum. Yet unlike the Swedish case, Danish legislation specifies that it is not possible for private school owners to profit from any financial surplus.

While municipalities in Finland are allowed to provide choice opportunities in the public sector (Kosunen, 2016; Seppänen, 2003), Sweden has opened up such alternatives to the private sector, where the growth of the school market includes opening new free schools and private acquisition of public schools (Dovemark & Lundström, 2017; Lundahl, 2017; Lundahl et al., 2013). During the school year 2016/2017, 15% of comprehensive school students in Sweden attended a free school (Ekonomifakta, 2017).
Free schools, which are licensed by the Swedish National Schools Inspectorate, can be established by a broad variety of actors, including non-profit and for-profit organisations. All schools in Sweden are subject to inspections and financed by government grants to the municipalities combined with a system of vouchers. A sum equivalent to the “normal student’s cost” is paid to the student’s chosen school. Free schools have no right to charge fees. Initially, the free-school sector largely consisted of single schools run by parental and staff co-operatives, and faith-based and other interest organisations. This is similar to the idea in Denmark, where parents and pupils are supposed to have the opportunity to choose schools based on different ideological platforms as long as the school generally teaches according to the national curriculum. In Sweden however, has this idea been changing rapidly. In the early 2010s, the private-school market in Sweden has been dominated by large groups of limited companies (80%) and even equity firms (Erixon Arreman & Holm, 2011a, 2011b). In 2016 the two largest Swedish education companies, AcadeMedia and the English school, were listed on the Stockholm stock exchange (Dovemark, 2017). In 2013 one of the biggest school chains in Sweden went bankrupt (Holm, 2017), overnight leaving thousands of students without schools.

This arrangement differs significantly from the other Nordic countries. As mentioned above, since the nineteenth century, Denmark has had a private-school sector in primary and secondary education. These schools are economically independent institutions led by boards and subject to inspections and are not allowed to profit from the school. Nevertheless, the private schools in Denmark receive generous public economic support (the state covers around 75% of their costs), which is supplemented by tuition. The number of students attending private schools in Denmark has grown steadily for the last 15 years and is now at 17% of comprehensive school students (Ministeriet for Børn, Undervisning og Ligestilling, 2016). It should be noted that the role of private schooling is not the same all over Denmark. In the largest cities, especially Copenhagen, private schooling caters to a greater share of children and young people than in the country as a whole. The same pattern is repeated in Sweden, where the proportion of free schools is greatest (nearly 30%) in the three biggest cities, Stockholm, Gothenburg and Malmö (Lundahl et al., 2013; SNAE, 2014).

In contrast to its neighbours Sweden and Denmark, Norway has relatively strict legislation on the privatisation of education. The Private Schools Act of 1985 specified that private schools could be established only for special ideological or pedagogical purposes. Once approved, a free school in Norway receives 85% of its funding from the state authority (Utdanningsdirektoratet). Unlike Sweden with its free-school act, Norway did not make any large changes to the 1985 Private Schools Act during the 1990s (Imsen & Volckmar, 2014; Volckmar, 2010). For various reasons the number of private schools as well as the number of pupils attending private schools has slowly grown. One reason is that in the sparsely-populated areas where schools have been closed down, parents have established educational institutions such as Montessori schools in order to have a local school (Sivesind, 2016; Wiborg, 2013) (having local schools was one of the arguments made in Sweden for opening free schools in the early 1990s). In contrast to Sweden, Norway has yet kept adhere to unitary school form (Sivesind & Saglie, 2017) and from the idea of school as a public space where “the whole nation should meet” (Aarseth, 2015).
In Finland the comprehensive education landscape consists almost exclusively of publicly-funded, locally-governed and locally-run public schools, where there are no tuition fees and where the private schools (3% of all schools) are fully state-subsidised without the right to collect fees, to profit or to make exceptions to municipal policies on school choice (Kosunen, 2016). Notably, during the very time Sweden was undertaking its free-school experiments, the Confederation of Finnish Industries (C.I.E.) increased its criticism of the mediocrity and ineffectiveness of the comprehensive school in Finland, beginning in the 1980s. The discussion did not lead to the enactment of any further legislation (Rinne & Simola, 2010; Simola et al., 2017). It appears that long-term historical trends support a strong comprehensive school, rather than changing its internal logic and operating environment (see Simola et al., 2017).

In Iceland alternative schools have existed for a long time, but for decades served less than 1% of the student population (Kjartansson, 2008). Since the dawn of the millennium, enrolment in independent schools has increased, and in 2015 2.5% of students enrolled in privately-run schools. For the last decade, the school landscape has been changing in Iceland, as the emphasis on privatisation was an overarching theme in the 2008 Education Act for comprehensive school. In Iceland, companies may run schools, but in contrast to Sweden, the owners are not allowed to profit. The schools are tax-funded up to as much as 82% through a system of school vouchers (Dýrfjörð & Magnúsdóttir, 2016). Some of the single alternative schools have been transformed into a school chain by Hjallastefnan, a company which started as an alternative preschool emphasising gender equality. Hjallastefnan Ltd. is now the biggest company on both the preschool and elementary school levels in Iceland (Dýrfjörð & Magnúsdóttir, 2016). The company has even managed to make contracts with and monopolise small rural municipalities.

In sum, privatisation of education is found one way or another in all five Nordic countries, but there are considerable differences in the amount of schooling being undertaken by private schools. Seventeen per cent of Danish students attend private schools, which are based on legislation originally introduced in 1855. Sweden, with its 15%, is not far behind, while the other Nordic countries as yet have only about 3% to 4% of their students in private schools. All private schools in the Nordic countries are primarily funded by the states (generally at the municipality level). In Denmark and Iceland, schools are allowed to supplement public funds with tuition fees; in Norway, Sweden and Finland this is not generally allowed. Schools are not allowed to make profits except in Sweden. Sweden has the strongest elements of private market forces: 80% of its private schools are limited companies, which are allowed to profit. These profits amount to such a sum that the two largest companies have been listed on the Stockholm stock exchange since 2016.

**Marketisation: choice policies and school segregation**

Marketisation in the public sector is based on the assumption that free choice of services and competition between providers will improve quality and efficiency in the use of public funds. Markets in education create competition between institutions and competition between pupils over study positions, as described by Van Zanten (2009) in the context of school choice.
In Sweden in the early 1990s, a right-wing government (followed by a social democratic) rapidly completed major freedom of choice reforms (Government Propositions 1991/92:95, 1992/93:230) and obtained permission to establish private, tax-funded schools. The reforms qualified free schools to act on much the same terms as the public schools. In Denmark the existence of free schools has historically constituted some degree of free school choice. The deregulation policies pursued there since the 1980s introduced this element into the public school system as well. Municipalities gradually allowed parents to choose a school from different school districts, but the decisive steps were taken by the state, especially in 2005, when the act on “More free school choice” extended the right to choose among schools that were not only beyond the family’s school district, but also beyond their municipality (Ramboll Management, 2007).

Compared to Denmark and Sweden, Norway, Iceland and Finland have been relatively cautious in opening comprehensive and secondary education to the markets, as indicated in the previous section on privatisation. Instead, these countries have adopted a model whereby the knowledge economy is dealt with mainly in the framework of national competitiveness in global economies. In Finland and Norway an egalitarian ideology is still widely shared across the political spectrum (Simola et al., 2013; Welle-Strand & Tjeldvoll, 2002).

As in Denmark, marketisation in Iceland was advanced by the deregulation process and in most municipalities the admission policy is structured by catchment areas whereby parents can apply for open enrolment in a school other than their assigned one (Hansen, 2013). School choice as a practice in which parents can express their preferences for certain schools, and schools can select certain pupils for classes having special emphases on different subjects, was ratified in Finland at the end of the 1990s in the Basic Education Act (628/1998, 6§; 28§). The legislation guarantees that every pupil will be assigned to a local school at the comprehensive school stage. Officially, the local school should be relatively close by, a short and safe journey away. However, the interpretations of “short and safe” vary across urban and rural areas. Despite the deregulation, no free school choice per se was introduced in Finland; the majority of pupils still attend their local city schools. However, policies vary from one city to another (Seppänen, Kalalahti, Rinne, & Simola, 2015) and there is a possibility that municipalities themselves will define their own school choice policies (Kosunen, Seppänen, & Bernelius, 2016).

According to Volckmar and Wiborg (2014), marketisation of education in Norway was very modest until the beginning of the twenty-first century. Before that, the social democratic values of equality were resistant to the liberalist values of freedom of choice, individualism, competition and flexibility. However, at the beginning of the millennium, right after Norway’s low ranking on P.I.S.A. 2001, many reforms were enacted to improve learning outcomes. One strategy was to increase competition between schools. In addition, marketisation has been offered as a solution for problems related to social inclusion in basic education. By highlighting the ideas of local ownership of schools, the active role of local actors, greater local accountability for learning outcomes and better quality control, the reforms of the early 2000s created a basis for school markets, especially in urban areas, such as the capital Oslo (Møller & Skedsmo, 2013; Telhaug, Aasen, & Mediås, 2004; Telhaug & Mediås, 2003; Telhaug, Mediås, & Aasen, 2006; Volckmar, 2008) – a situation similar to Reykjavik in Iceland and big cities in Sweden.
The central market mechanism for schooling in urban Norway has been the public ranking lists, which have been perceived as accelerating school choice in some urban parts of Norway (see Bjordal, 2016; Machin & Salvanes, 2016).

As Table 1 below summarises, the increasing use of market mechanisms is evident in all five countries, but most pronounced in Denmark and Sweden. Increasing legal provision for free school choice has been introduced, schools have been encouraged to make themselves visible, as the basis for parent choice and instruments, such as ranking lists, have emphasised competition.

School segregation and social differentiation of education: parallel phenomena or consequences?

The previous sections have described the changes in the educational contexts in all five Nordic countries through the local realisations of deregulation, privatisation and marketisation of comprehensive education during the past decades. We now draw the local social contexts closer to the changes discussed above in educational governance and finance and focus on the micro-level, meaning the schools, families, and pupils in these educational contexts. By looking at empirical findings of recent research, linked to social justice in Nordic education, we explore central themes such as school segregation, social differentiation and institutional stratification. Many of these micro-level processes and changes seem to be related to the deregulation reforms of comprehensive education in all five Nordic countries, even if the patterns of marketisation and privatisation are often described as contextual factors, not as causes. Our claim is not to posit an evident causality among the phenomena, but rather point out the parallel changes in the quotidian educational environments, which are comprised of changes in the governance of education as well as those in the surrounding society.

Outside the Nordic countries, deregulation, privatisation and marketisation were meant as market solutions that would be an economically effective and efficient salvation for educational justice and inequality. In international research, especially in studies from the U.K. (e.g. Ball, 2003; Power, Whitty, Edwards, & Wigfall, 2010; Reay & Lucey, 2004), France (e.g. Oberti, 2007; Van Zanten, 2009) and the U.S. (e.g. Berends, 2014), it is evident that these kinds of market solutions in education have actually widened the differences, based on social class and ethnicity, between schools and between social groups of students. It is therefore worth elaborating on what consequences deregulation, privatisation and marketisation have had for educational justice and equality in Nordic countries focusing questions of segregation and differentiation.

From an historical point of view, in Sweden the Democracy Commission Reports from the 1980s strongly recommended changes in the school system without involving private capital. Instead, the reforms were accepted by making the argument that school markets were created to improve the quality of teaching by increasing the competition between schools. Later on, markets were even expected to solve the problem of social and ethnic segregation in education as well as the high school dropout rate.

It is logical to expect that the growth of privatisation of education undermines the role of free public schooling in the welfare state model that the Nordic countries have generally followed, e.g. access to schools (Fjellman, 2017). However, the
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evidence on this is partly mixed. It is at least safe to say that the introduction of deregulation, privatisation and marketisation in education have not increased equality on the micro-level, but rather reduced it in different ways in different contexts (Gustafsson et al., 2016).

Of the central themes discussed in this article, one of the most often debated is school choice. School choice can generally be defined as a policy whereby schools may select some or all of their pupils and families may choose the school or an educational track for their children. Internationally, school choice has been found to be strongly related to family background (Ball, 2003; Ball & Vincent, 2007). In the Nordic countries, school choice has been found to cause significant between-school and within-school differences and promote options for social distinction (for cases in Sweden, see Böhlmark, Holmlund, & Lindahl, 2015; Gustafsson et al., 2016; for cases in Finland, including in a public market, see Kosunen, 2016; Seppänen, 2003, 2006; Seppänen et al., 2015). The logic follows a pattern similar to what happened in the U.K. in the 1990s, in which educational governance becomes further deregulated and thereby provides a space for parental choice; moreover, marketisation is introduced, which provides the motivation for schools to profile and compete with each other, and in some contexts privatisation steps in (such as in Sweden and Denmark). This further differentiates the institutional landscape in which the schools and families operate.

The phenomena of urban segregation (social differentiation of the urban space) and school segregation (social differentiation between schools) have been strongly linked through policies of school choice. One of the claims made is that school choice policies do not contribute to increasing urban segregation, as families may choose a school outside their neighbourhood and away from their local school, which they might find undesirable. Embedded in this logic is the well-known ideal of rational families being both able and willing to use their school choice options, which again is known to be an advantage of higher social classes (see Ball, 2003). Additionally, Östh, Andersson, and Malmberg (2013) conclude in their study on Sweden that school choice is the driving force increasing school segregation. This means that schools as social environments become socially differentiated due to school choice, regardless of the levels of urban segregation. Their research is supported by Yang Hansen and Gustafsson (2016, p. 40) who show that the major trend in school segregation in Sweden during the years 1998 to 2011 was an increase over time in between-school differences in achievement. This trend is most distinct in the big cities where parents have several schools in fairly close geographical proximity (Fjellman, 2017).

Apart from social class, ethnicity and ethnic diversity are often at the core of discussions of school choice and patterns of segregation. The system of free school choice in Denmark, introduced by the act of 2005, has three times been evaluated by external consultants (Rambøll Management, 2007; Undervisningsministeriet, 2017), with a focus on the issue of segregation, especially in relation to immigrant or bilingual children. The evaluations found that the reform had not significantly increased segregation. However, it is probable that, especially in urban settings where one municipality typically includes many schools in a limited geographical space, the possibility of moving across municipalities adds little to the processes of segregation already implied by free choice across school districts. In an analysis of school choice in Copenhagen,
Rangvid (2010) concluded that when immigrant children constituted more than 35% of students in the local school, Danish parents were more likely to move their children to other schools (cf. Bunar & Ambrose, 2013). Additionally, to the segregation of immigrant children discussed above, statistics from the Danish Ministry of Education indicate that parents of free school pupils have a somewhat higher than average level of education than parents of public school pupils (Undervisningsministeriet, 2014). Research also indicates that there are considerable differences in social backgrounds and other social indicators within the free school sector (Cevea, 2013; Christensen & Ladenburg, 2012). Given the size of this sector in Danish education, this aspect of segregation is important.

The same pattern of social differences applies to comprehensive schools in Sweden. In an article on pupil composition in the teachers’ union magazine Lärarnas Tidning (2016), it was shown that in 70% of Sweden’s municipalities, the proportion of pupils with a foreign background was higher in the municipality schools than in the free schools in those municipalities. The article also pointed out that the difference was even more pronounced when the parents’ educational level was taken into account: in 86% of the municipalities, the proportion of students with university-educated parents was higher in the free schools than in the public schools.

A driving force of increased school segregation, especially in cities, is the action undertaken by the middle and upper classes. This can be seen around the world and also in the Nordic countries. The reasons behind using the choice options seem to be context-dependent. In Sweden Yang Hansen and Gustafsson (2016) point out that increasing school segregation with respect to migration backgrounds, above all, in metropolitan areas, may be interpreted as giving support to the “white flight” hypothesis. In urban Norway and Finland the school markets are operating quietly through parental residential strategies, parental school choice and as a hope for good and safe local schools (Aarseth, 2015; Kosunen, 2016). The public ranking lists seem to accelerate the demand for school choice in some urban parts of Norway (see Machin & Salvanes, 2016), whereas Finland does not publish rankings. Finnish parents also oppose publishing the learning outcomes of comprehensive schools (Seppänen & Rinne, 2015). As in the other Nordic countries Icelandic middle-class families settle down in certain neighbourhoods in the metropolitan area of Reykjavik and opt out from schools in other parts of the city (Magnúsdóttir & Auðardóttir, forthcoming).

The distinctive practices of school choice to arrange classes with selective enrolment appear in urban Finland and differentiate the study paths of pupils (Seppänen, Rinne, & Sairanen, 2012). However, the latest findings around school segregation (Kosunen, Bernelius, Seppänen, & Porkka, 2016) indicate that, in addition to the school choices for selective classes, the choices for exceptional languages (other than English) come primarily from more affluent urban blocks. This is now happening in Iceland as well (Magnúsdóttir & Auðardóttir, forthcoming). These choices by Finnish and Icelandic families of certain factions of the middle classes, to be willing and able to use the options provided, seems to be in line with the findings in Sweden and Denmark.

The changes involving the combined themes of marketisation, deregulation and privatisation together with social differentiation have led to discursive and practical modifications in the debates that address the pros and cons of these reforms. What
seems to be discursively a common goal in the Nordic discussion of this theme is a drive towards equitable solutions in education: only the definitions of what is a socially-just educational system seem to vary and, consequently, so do the promoted solutions. We have been cautious of making causal connections between the trends of deregulation, privatisation, and marketisation and school segregation and social differentiation. However, we can conclude that these reforms have not created an environment for solutions that would support countering these trends.

Concluding discussion: diversifying the Nordic model

The key questions we are addressing in this article are how comprehensive education in the five Nordic countries is reshaped in relation to the three dimensions of deregulation, marketisation and privatisation and how these changes are linked to segregation and differentiation in education. In the research discussed above, we find a changing narrative of the post-Second World War construction of Nordic comprehensive education. The model of Nordic comprehensive education has deep historical roots in nineteenth-century ideas of the folk school. During the twentieth century, the comprehensive school was used as a vehicle for an egalitarian welfare policy, which was universal and aimed at producing equal outcomes, regardless of an individual’s background (Esping-Andersen, 1996). Above, we analysed this change in terms of deregulation, marketisation and privatisation, with the aim of trying to understand this broad changes in the Nordic countries in more detailed terms.

We can summarise by saying that the idea of a knowledge economy and its connection to education benefiting a nation in a global context has changed the guiding principles of educational systems. However, the initial expectations of comprehensive schools have remained intact for the most part. This creates an interesting situation in which the systems are changing from within. In other words, the knowledge economy narrative is replacing the welfare narrative, but the degrees of change vary in relation to the political and historical contexts.

Deregulation seem to reveal fairly similar patterns and structures in most the Nordic contexts. The emerging differences were discovered mainly in relation to marketisation and privatisation. Regarding marketisation there are certain similarities, such as the focus on more visible school profiles and ranking lists, which eventually seems to lead to differentiation; but the findings indicate that the strength of these markets varies across contexts. Norway and Finland, for example, have managed to keep public education markets, whereas Sweden and Denmark provide a vast range of institutional options. However, as we have shown by referring to studies in the field, fully public and state-subsidised markets also create spaces for differentiation and distinction, even in the Nordic context. Thus, to discuss only the role of privatisation may hinder us from seeing some of the embedded social inequalities. The questions of privatisation were dealt differently in all five countries, the reason being that in Sweden and Denmark the private educational providers for comprehensive schooling have a far more central role in the educational system than in the other countries. The role of profit-making, which was enabled in Sweden, has changed the educational landscape dramatically and may be considered as one of the biggest changes in relation to the original model of a uniform comprehensive school of a few decades ago. Another tendency is the way in which
Sweden and Denmark have adopted patterns of marketising and privatising parts of their educational systems with visible similarities to the policies and practices of other countries, such as the U.K., which are known for larger societal and social differences.

Of course, the emerging patterns of social differentiation, even in these Nordic countries, are relatively subtle in relation to other societies, but in a national and even in a Nordic context they are highly relevant in describing what is happening and possibly what is changing within the framework of comprehensive education.

Nordic research on education has provided a considerable amount of knowledge about the political and structural changes of deregulation, marketisation and privatisation. In addition, researchers have closely observed the diversifying developments in Nordic societies and schools, which for the moment, however, are not as dramatic as in some other countries. The problem and the future challenge for research is to combine these two streams of analysis. Although theoretically these political and societal trajectories can be easily connected, there is little empirical evidence combining the analyses in these two fields. But if education in the Nordic countries is going through more and more major reforms inclined towards mainstream practices of deregulating, marketising and privatising, the connections between the two fields can be expected to become more evident.

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No potential conflict of interest was reported by the authors.

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