

Delhi

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Ladies and gentlemen,

There are three milestones in Sweden in terms of the development of their state approach Education.

The first was reached in 1848: Just before the industrialisation of Swedish society took place. In this year primary school education was guaranteed for every child for a period of six years at the expense of the state.

One hundred years later, just as Sweden reached the pinnacle of its industrial revolution, the Swedish state passed a second milestone when they extended their education system to cover not only primary education, but also secondary schooling up until the age of 15. This was one indicator of the beginning of a transition from an industrial to a knowledge-based economy.

So far this story is straight-forward. It is all about the expansion of provision in education and it is representative of the experience of most developed countries in the world.

However, in Sweden, the transformation from an industrial to a knowledge society made people aware that education in itself was not enough. Instead, there needed to be quality provision to respond to the demands of modern citizenship.

This realisation culminated in Sweden's arrival at the third milestone: introduction of a voucher system.

The ministry for education in Sweden, in which I worked during this period, could never have forecast the impact of this legislation on education. Indeed, we were inundated with applications and stunned that schools were established far faster than we had ever anticipated. In fact many of us were taken aback with the speed with which the educational order of the previous 150 years was undermined.

For those of you that are not aware of the Swedish Model I would like to give you a brief introduction to it.

Before the early 1990s, more than 99% of schools in Sweden were operated by the state. There were less than 100 private schools and most of them were nationalised in the 60s and 70s. Overall the education system was highly centralised.

All this changed with the voucher system. This system is simple.

Everyone can start a school if they meet a number of criteria regarding basic quality parameters such as teacher qualifications, buildings, curriculum, admission guidelines etc.

If you are granted a license from the National Board of Schools you have the right to get paid by the Local Authorities the same amount of money per pupil as they spend on their own schools. This is 7500 US dollars or 350,000 Indian rupees.

Under this system there is no selection of pupils, no fees, just state funds and open competition with equal resources.

That's all.

From the introduction of the voucher in 1992 the number of private schools In Sweden have increased from 80 to more than 1,100.

From less than 1% of the pupils to 10% in the compulsory school years and 20% in upper secondary.

Nowadays, in some Local Authorities, the majority of pupils attend independent schools.

It is truly a dramatic shift.

Not least for the parents: as customers they get to choose between different alternatives. Consequently, it is no longer possible for school operators to ignore parents as they have the power to influence changes taking place in the schools, remove their children from schools, seek alternative schools and ultimately the wants and needs they have for their children can not be disregarded.

Not least for school operators: as they are now working in a highly competitive environment in which under performing schools will not survive in the long term. These schools will be challenged by the emergence of operators who will identify gaps in the market where parents and pupils are not satisfied with the schools available.

Not least for Local Authorities: as gradually the market intervention means that they need to take a step back from the role as an operator and become more of a facilitator. Allocating funding, managing local inspections and such like

will be the core objective for Local Authorities in the future as these developments take place.

But it is also a great change for the education system in itself.

Now, much attention of the Swedish Model seems to focus on the voucher system and the distribution of funds per pupil.

But, this leads me onto one key observation: the unregarded, but very important fact that 75% of all private schools in Sweden are run by profit-making organisations.

So, when other countries look to Sweden and try to learn from this experience they need to understand that without the profit element the Swedish example shows that the number of new private schools would be very limited, most of them very small, most of them, in fact, with a religious purpose.

So, frankly, this Model as we talk about it wouldn't exist without the acceptance of profit-making organisations.

But it is not only about the numbers of schools.

Even more, it is about the entire dynamics and incentives constituting the system.

Let me tell you the story behind the Carlsson School in Stockholm. This is a school run as a not-for-profit or as a charitable trust.

Without a doubt, this is a really good Independent school that has been around for the last hundred years and an indication of how good the school is, is there seven year waiting list.

As I said before, in Sweden, we are not allowed to impose any form of selection in terms of our admissions. The only accepted admissions rule is the one come first served.

As a consequence of this, a bizarre situation at Carlsson School has arisen where it not enough to make a phone call from the hospital to register your child on a school list once it is born.

Instead, you need to pre-plan the delivery of your child between January and April to coincide with the beginning of the school year in Sweden (ie 1<sup>st</sup> January).

Only registering at the beginning of the year, seven years in advance, will ensure that the child stand a good chance getting a place in this school.

I think there are many schools similar to Carlsson Schools in India. These are the schools that are very popular and have long waiting lists that they use to underpin their reputation. The way that they deal with their waiting list is to become more and more selective. Consequently, all these schools becomes exclusive, luxury destinations for a few, privileged people.

So in this climate let's make an experiment; think about Carlsson School not as a charitable Trust, but as a profit-making organisation.

As a profit making organisation Carlsson School, instead of sitting back and enjoying an easy life relying on seven year waiting list, would today be not one school, it would be an entire group of Carlsson Schools.

Why?

I think the answer is very simple.

They know how to run a good and popular school and this leads me to my next point.

It is probably not the buildings, or the swimming pool (if they had one) that make Carlsson School a great school.

Instead, Carlsson School has built up a deep understanding of the value drivers behind a high performing school and has learnt how to transfer this culture from one generation of Head Teachers and teachers to another.

This is what I would like to call the Intellectual Property of Carlsson School.

Had Carlsson school been a profit-making school it would have pro-actively developed ways to identify, to define, to structure and to package this intellectual property found within the school. This would enable the owners to replicate the success and to expand their business to include more waiting pupils and ultimately to capture the markets of other weaker schools.

This is the kind of dynamic that makes me say that an education system based on profit making organisations is



better for the pupils because it offers the possibility of expanding the delivery of quality education to more pupils and will punish all lazy, under performing operators who are having an enormously detrimental impact on a huge number of children's futures.

This is not just punishing under-performing state schools, but punishing under-performing private schools as well.

So, the way of avoiding the trap of good schools only becoming the privilege of the few is to allow for-profit schools to operate.

So again, what can we learn from Sweden?

We can learn that the voucher works.

We can learn that many pupils and parents, even the poorest in society, enjoy the opportunity to choose between different schools and that fair competition between schools benefits the educational outcomes for the pupils.

But, my main point today is that we need to recognise the importance of profit making organisations in education.

So, if politicians are being populist and if they are not strong enough, or do not have the capacity or lack of faith to explain the great dynamics behind a system based on the profit mechanism, you will continue with a limited number of private schools catering for the elite.

What you won't end up with is an innovative, creative, pluralistic education system that offers choice to the poorest people.

While I am happy to see interest for the Swedish Model from around the world, mainly because I think this is the way for the education system to go in all countries, what we now need to do is consider not only what Sweden achieved, but also what universal lessons if any, can be learnt from this case.

Although different countries face different challenges (be it expanding provision or improving quality) all countries are faced with the challenge of addressing the educational needs of their populations. The key question we need to address today is, does India have qualities that could short cut this lengthy process of expanding provision and improving quality?

Indians have managed to by-pass other stages of development by being open to innovation; how else could a country which was known for being a state-centric, predominantly rural economy after 1947, now be at the forefront of research to develop the global knowledge economy? If India can by-pass stages of development in this arena, why not do the same in the sphere of education as well?

At present this may seem like a monumental task. But, personally, I don't believe that a country of such enterprising people, with such energy and adaptability who also understand the importance of education can fail to make inroads into this ground-breaking task.