

# Providers and Profiteers: Essays on Profits and Competition in the Provision of Public Services

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Public services, such as education and health care, are provided by both public and private actors. In some countries, such as Sweden, these include for-profit organizations. In systems allowing the users to choose freely, the providers must compete, often by offering qualities that the users may care about.

This thesis uses both theoretical and empirical techniques to investigate how various policy instruments such as preferential tax treatments, measures to intensify competition, and differentiating the generosity of vouchers between public and private providers may affect the quality of public services.

The first chapter studies how a local government can create incentives for private providers of public services to voluntarily restrict profits, and how this affects the quality of services. The second chapter studies how quality is affected by “competitive neutrality,” the restriction that private providers must receive the same funding as competing public providers. The third chapter uses a spatial autoregressive panel model to investigate if competition between public and private schools in Sweden leads to higher levels of grade inflation.



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