

How Costly Are Privatizations for Workers?*

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January 2018

ABSTRACT

The world is in the midst of the fourth privatization wave, with record dollar amounts raised in both developed and developing countries. We show using rich Swedish registry data covering two decades that privatizations increase unemployment incidence for workers by a fifth relative to peers that remain state employed. Privatizations are, however, only costly for workers if they take place during recessions. These results shed new light on the welfare costs of privatizations and on how they can be mitigated.

Keywords: Employment, privatizations, unemployment.

JEL Codes: F66; J24; J63; L33; M51.

*The authors can be reached at martin.olsson@ifn.se and joacim.tag@ifn.se. We are grateful to the Marianne and Marcus Wallenberg Foundation and Vinnova for financial support. We thank Martín Besfamille, Matías Cortés, Andrea Ichino, Henrik Jordahl, Edward Lazear, Marco Pagano, Lovisa Persson, Margarita Tsoutsoura, and seminar participants at IFN, the IFN Stockholm Conference 2017, the 73rd Annual Congress of the International Institute of Public Finance, and the 29th Annual Conference of the European Association of Labour Economists for excellent comments and suggestions. Nicklas Nordfors and Charlotta Olofsson provided remarkable research assistance.