How Costly Are Privatizations for Workers?*

Martin Olsson
Research Institute of Industrial Economics (IFN)

Joacim Tåg
Research Institute of Industrial Economics (IFN)

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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.

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