In the 1970s and 1980s, most European countries started pursuing disinflationary economic policies, accepting rising unemployment. Sweden was one of a small number of countries that waited until around 1990 before disinflating its economy, and in the 1980s used ambitious macroeconomic policies to keep unemployment levels low. The aim of this dissertation is to explain why Sweden waited longer than other countries.

The main theoretical argument is that different kinds of policy changes—first-, second-, and third-order changes—should be explained with reference to different models of policymaking. Three models are developed: the politics of bargaining, the politics of expertise, and the politics of purpose. The last of these models explains large economic policy changes, such as third-order changes, with reference to shifts in the norms that define the purpose of political authority.

In developing this argument, the dissertation makes two related analytical moves. The first move is to link particular models of policymaking to categories of policy change. The second move is to base these different models on assumptions about the mix of rational (outcome-oriented) and extra-rational (norm-oriented) behavior in the three decision situations.

The dissertation compares three periods when Swedish macroeconomic policy underwent major changes—the mid-1970s, when Sweden embarked on an ambitious program of expansionary fiscal policies (a first-order change); the early 1980s, when governments instead chose to undertake major currency devaluations to avoid rising unemployment (a second-order change) and the early 1990s, when disinflation occurred and policymakers did not use macroeconomic instruments to prevent increasing unemployment (a third-order change). The aim of the empirical investigation is to find out whether developments in these three periods fit the theoretical models of decision situations, and the conclusion is that the mid-1970s were characterized by the politics of bargaining, the early 1980s were characterized by the politics of expertise, and the early 1990s were characterized by the politics of purpose, as hypothesized.

The dissertation draws on a broad range of sources, including official documents, archival resources, descriptive statistics, and a unique set of interviews with forty-five politicians, civil servants, and economists.

Keywords: political economy, macroeconomic policy, unemployment, Sweden, norms, ideas, expertise, political culture.