

# THE SWEDISH UNEMPLOYMENT EXPERIENCE\*

by

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## **Abstract**

By international standards, unemployment in Sweden remained remarkably low throughout the 1970s and the 1980s. In the early 1990s, however, the unemployment rate increased sharply and hit double-digit levels. The paper argues that the steep rise in unemployment was mainly the result of a series of adverse macroeconomic shocks, partly self-inflicted by bad policies and partly caused by unfavourable international developments. The extremely contractionary monetary policy in 1992 appears to have had strong and long-lasting effects on unemployment. Institutional factors do not appear as promising explanations of the steep rise in unemployment in the early 1990s.

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