

From the back cover of the book:

'This book by William Mitchell and Joan Muysken is both important and timely. It deals with the issue of the abandonment of full employment as an objective of economic policy in the OECD countries. It argues persuasively that macroeconomic policy has been restrictive over the recent, and not so recent past, and has produced substantial open and disguised unemployment. But the authors show how a job guarantee policy can enable workers, who would otherwise be unemployed, to earn a wage and not depend on welfare support. If such a policy is fully supported by appropriate fiscal and monetary programmes, it can create a full employment with price stability, and which the authors label as a Non-Accelerating-Inflation-Buffer Employment Ratio (NAIBER). This book is essential reading for any one wishing to understand how we can return to full employment as the normal state of affairs.'

– Philip Arestis, University of Cambridge, UK

Aim of the book

The aim of the book is to show how in *Part I* full employment in the pre-Keynesian notion implied that unemployment was voluntary: employment was determined at the intersection of demand and supply. In the (post) WWII Keynesian era the focus was shifted to providing enough jobs to guarantee full employment. With the emergence of the Phillips curve full employment started to be defined as consistent with the NAIRU (Ch. 2-3)

We argue that parallel to these theoretical developments, in economic policy unemployment shifted from being a target towards being an instrument. This affected economic policy in a dismal way, with monetary policy concentrating on inflation targeting, while fiscal policy was rendered impotent. Finally, the focus on full employment was replaced by that on full employability (Ch. 4-5).

In Part II we discuss the criticisms which have been ventured toward this approach, both in the theoretical and in the empirical literature. We also add some new empirical evidence, based on our earlier research, to show the deficiencies of the current approaches and policies (Ch 6-7).

Against the background of this shift in focus and policy features we propose in *Part III* to reinstitute full employment as a viable policy goal and argue that active fiscal policy should be pursued to achieve that goal (Ch 8-9)

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