FULL EMPLOYMENT REVISITED: ESSAYS ON THE ECONOMY, PEOPLE, and Fairness, edited by Tanweer Ali and Diamond Ashiagbor. London, UK: Work Forum Publishing, 2015. ISBN: 978-0992975609. 126 pages.

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The editors of this valuable collection of essays deserve thanks and congratulations on having assembled, within a few score pages, such a concentration of expertise from so many well-qualified contributors. Anyone with an interest in full employment, its central significance and how it can be achieved, will find in these pages insights and analysis that make essential reading.

The contributors include an impressive array of academic economists, labour market specialists, and overseas experts. Their central theme is one whose importance can hardly be overstated. It is that full employment is and must be the primary goal and indicator of success of macroeconomic policy. An economy that does not make full use of its human resources is a failing economy. It not only denies itself economic success but creates a less integrated and more unhappy society.

For too long, we have been taught that the main (and limited) function of macroeconomic policy is to restrain inflation, and that this task – which it is asserted is merely technical in nature - can safely be entrusted to the banking system. The irony is that by far the most significant factor in stimulating inflation is the growth in the money supply brought about by virtually unrestrained bank lending for the purposes of house purchase.

This approach to macroeconomic policy has had dire consequences for full employment. Monetary policy has been seen as solely preoccupied with inflation and having little or nothing to do with achieving a sustainable rate of growth. On the contrary, as soon as growth looks like picking up – as signalled by a prospective fall in the rate of unemployment – the interest rate brakes are slammed on, allegedly in the interests of restraining incipient inflation.

The truth is, of course, that the maintenance of a pool of unemployed is an important element in the Neoclassical version of a properly functioning economy. Labour costs are seen – not as the price that must be paid for an important part of working people's lives and an essential element in providing an appropriate level of purchasing power and demand - but as just another cost of production, to be driven down wherever possible.

The constant existence of a large number of unemployed means that wage levels can be held down and even reduced because there will always be those ready to compete with the low-paid for their jobs. A high level of unemployment is not therefore just an unfortunate accident, a by-product of other economic forces, but – despite the crocodile tears frequently shed – an outcome that is deliberately sought in the interests of employers and investors. The irony again is that even those who believe they benefit from deliberately keeping resources (in this case human resources) out of production are made poorer, with the rest of us, than they would otherwise be.

So much is made clear in these essays. But where they explore less familiar territory is in their growing understanding that not only is the current situation unacceptable and unnecessary, but that the path to a much better outcome is becoming clearer. The world is, after all, belatedly moving on. The tide (give or take the odd general election result) is turning against austerity. In their use of quantitative easing, the world's central banks have embraced, admittedly in the interests of shoring up the banking system, a quite different approach to monetary policy. Major international organisations have taken new stances; the IMF has reversed its earlier support for austerity as the correct response to recession and the OECD has established that widening inequality (in which unemployment plays a major part) is not the price that has to be paid for economic success but is actually an obstacle to that success.

The Bank of England research paper, "Money Creation in the Modern Economy," draws back the curtain on what is really happening in monetary policy. Their confirmation in irrefutable detail of what many had known already – that by far the greater proportion (the BoE says 97%) of money in circulation is created out of nothing by the banks, largely for house purchase – falsifies much of the basis of current monetary policy and demonstrates how lopsided are the purposes to which what passes for monetary policy is currently put.

What this means is that a new or at least a changed approach towards monetary policy is increasingly possible and appropriate. Modern monetary theory maps the way forward, towards the use of monetary policy not just for stabilising the banks but for investing in the economy's wider future – and that necessarily includes the restoration of full employment as the central goal of policy.

For those who are sceptical about these possibilities, read these pages. Full employment – recognised as the primary responsibility and achievable goal of government policy - is not only possible but long overdue.

Bryan Gould is a former Vice-Chancellor of the University of Waikato in New Zealand. He was a member of the UK Parliament from 1974-1979 and from 1983-1994. Bryan is the author of a number of books, including *Myths, Politicians and Money* and *Call to Action*.