

# Full Employment Abandoned

Shifting Sands and Policy Failures

---

William Mitchell

*Professor of Economics, Centre of Full Employment and  
Equity, University of Newcastle, NSW, Australia*

*and*

Joan Muysken

*Professor of Economics, CofFEE-Europe, University of  
Maastricht, The Netherlands*

**Edward Elgar**

Cheltenham, UK • Northampton, MA, USA

# Contents

---

<i>List of figures</i>	vi
<i>List of tables</i>	vii
<i>List of abbreviations</i>	viii
<i>Acknowledgements</i>	x

## PART I FULL EMPLOYMENT: CHANGING VIEWS AND POLICIES

1 The full employment framework and its demise	3
2 Early views on unemployment and the Phillips curve	23
3 The Phillips curve and shifting views on unemployment	49
4 The troublesome NAIRU: the hoax that undermined full employment	81

## PART II FULL EMPLOYMENT ABANDONED: SHIFTING SANDS AND POLICY FAILURES

5 The shift to full employability	123
6 Inflation first: the new mantra of macroeconomics	146
7 The neglected role of aggregate demand	163

## PART III THE URGENCY OF FULL EMPLOYMENT: FOUNDATIONS FOR AN ACTIVE POLICY

8 A monetary framework for fiscal policy activism	205
9 Buffer stocks and price stability	224
10 Conclusion: the urgency of full employment	260

<i>References</i>	267
<i>Index</i>	289