

And yet in some ways, the book is also too *short*. I have already noted the deficiencies in Shaikh's account of the history of macroeconomic theory, which probably needed another 50 pages to put right. Even the indexes might well have been much longer. There is no index reference to 'ergodicity', for example, and neither the subject nor author index entries have any sub-headings. Thus, the 'Piero Sraffa' entry runs to 10 lines of page numbers, and that on 'demand' to no less than 19 lines, with no indication of content. To discover whether Shaikh refers to Kalecki's 1943 paper on the political implications of full employment, which is missing from the references, I had to plough through all 39 entries in the author index (he does not). The reader deserved better than this.

But it would be wrong to end on a negative note. This book is a remarkable achievement, and there is a great deal to be learned from it – more in the micro-chapters than in the macro, I suspect. It is always absorbing, if occasionally also infuriating. It is the record of a life well spent, and not too many economists can claim that.

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**Reviewed by:** Victor Quirk, *Centre of Full Employment and Equity, The University of Newcastle, Australia*

The Labor Governments of 1941–1949 hold a special place in the hearts of many Australians, both for their courage and leadership during the Second World War and for establishing a fairer and more progressive society after the war. Their most significant and enduring contribution in that area was the effective elimination of unemployment using aggregate demand management to keep the unemployment rate below 2%, a policy that successive governments maintained until its deliberate abandonment in the mid-1970s.

Stuart Macintyre's recent detailed history of the establishment of Australia's post-war order is a welcome contribution to our understanding of the work of the war-time politicians and bureaucrats who institutionalised full employment. It is a good administrative history that usefully pulls together official and private archival material on the war-time government with Macintyre's usual engaging style.

Disturbingly, mainstream public discourse has largely been expunged of all references to the 32-year period (1942–1974) in which successive Labor and Liberal governments pursued this policy. Full employment is rarely acknowledged as the principal reason why working people steadily advanced on so many fronts during this period. The policy decasualised the labour market and gave workers power in their workplaces, including the confidence to join trade unions, which enjoyed their highest levels of industry coverage and influence during the full employment period. Abundant permanent full-time employment gave people a capacity to save and plan, and because it was sustained with high levels of public sector activity in areas such as low-cost housing, home ownership became feasible for many more people. Yet invariably, when reasons are sought as to why workers fared so well in the 'golden age' of the post-war era, compared to the period since the mid-1970s when full employment was abandoned (e.g. Andrew Leigh's (2013) *Billionaires and Battlers*), the policy of maintaining full employment is barely, if ever, mentioned as a factor, let alone the principal factor.

This silencing began with the corporate funded economic education campaigns that unfolded in the late 1970s, which embedded spurious narratives within mainstream Australia's worldview of the functioning of the macro-economy (Carey, 1995). This process was accompanied by the transformation of the Australian Labor Party (ALP) under Hayden, Hawke and Keating, as a political vehicle for big business on whose donations the party became dependent, necessitating its abandonment of full employment as a policy goal.

As a fan of Stuart Macintyre's previous works, I was probably expecting too much, but I had hoped that this would be the book that broke the mould of contemporary treatment of the issue. Whereas it usefully records the domestic political issues and (broadly) the technical problems faced in its establishment, full employment again takes a back seat as if it were no more significant than housing policy or residualist social welfare.

In my view, the implementation of the right to work was an extraordinary historic achievement, the culmination of a preceding century of struggles by worker advocates in Europe and Australia. Although Macintyre omits to mention them, these earlier battles explain a great deal about Labor's full employment ambitions in the 1940s. To overlook them is like documenting the second battle of El Alamein without mentioning the Second World War.

There is a discernible mainstream 'accepted wisdom', to which this book unfortunately seems to subscribe, that suggests that Labor's embrace of the full employment objective stemmed from a 1935–1937 banking inquiry on which Chifley sat, to which several witnesses sung the praise of Keynes' 1936 general theory. Liberal Prime Minister Menzies' Assistant Treasurer, Percy Spender, set the ball rolling by deficit spending to ramp up war preparations in 1939, and called for its use to fund better social conditions after the war. By this account, the labour movement supposedly had no long-standing commitment to hold the central government responsible for the elimination of

unemployment: 6000 workers didn't die on the streets of Paris fighting for the right to work in 1848, UK parliamentarians did not denounce the principle in 1886 following the Trafalgar riots, Keir Hardie did not make it an early pillar of Independent Labour Party platform, nor legislate for it in 1907 and 1911. Nor, apparently, did Queensland Premier Ted Theodore legislate for it in 1919. These past struggles are all to be forgotten.

Theodore, as usual, hardly rates a mention for his advocacy of full employment as the core objective of the ALP. Adherents of the mainstream view do not notice, for example, that when Curtin wrote to Theodore in 1932, after both lost their seats at the 1931 federal election, Curtin urged him to re-enter Federal parliament and lead the ALP, citing Theodore's position on unemployment as the correct policy for the ALP. In declining Curtin's suggestion, Theodore (1932) spelled out what the ALP's position should be:

How to employ our idle people is, as you say, the problem that transcends all others ... I believe it should be the first duty of our rulers (our rulers include those in charge of the monetary system as well as the government) to keep the population at work. If production of consumable goods increases beyond the market needs the redundant workers should not be sacked but should be employed upon capital works and improvements. When the time comes that there is not sufficient work for the employment of all the workers an all round reduction of working hours should take place.

By avoiding mention of prior struggles to establish the 'right to work', we have less context to understand the motivations or arguments of the proponents of full employment. This book unfortunately omits or dismisses as 'grandiose' rhetoric speeches of Chifley, Curtin and Evatt declaring the right to work as a human right, which draw upon the long experience of the labour movement of working towards this objective. We get to hear the thoughts of a bureaucrat's wife, expressing her boredom with the half day she spent at the 1942 Constitutional convention, but not Evatt's (1942) opening declaration that

With the lesson that it took a war to teach us, we can no longer assert that the problem of unemployment is insoluble, that men are out of work only because they are unfit for work or unwilling to work, that financial policy prevents their employment, that the task of maintaining full employment is not a responsibility of the national Government

which is exactly what modern policy elites assert today.

Perhaps more importantly, in Macintyre's ignoring of previous efforts to establish full employment, we learn nothing of how, why and by whom these efforts were obstructed. With the rise of universal suffrage, capitalist opponents of full employment had to develop strategies for suppressing the policy without provoking an electoral backlash. By studying the evolution of their arguments and tactics, we can more clearly understand the conservatives' manoeuvres in the 1940s, which included claiming to support full employment while objecting to the public sector employment and expenditure they knew to be vital for its establishment.

A brief survey of earlier attempts by the labour movement to establish full employment, and the opposition they elicited, may have explained the cynicism that typically greeted expressions of concern for the unemployed by business advocates such as Robert

Menzies, their lip-service support for ‘full employment’ and their championing of measures such as contributory unemployment insurance (CUI) schemes. The labour movement was used to their cant on this issue.

Robert Menzies was so passionately in favour of CUI before the war that he resigned from the Lyons cabinet when the policy was mothballed. Does this not show Menzies to be a compassionate person, concerned about the wellbeing of unemployed workers? No it does not. Was this not the early stirring of a bi-partisan commitment to establishing the post-war welfare state? No it was not. It was a cynical attempt to head it off, to avoid electoral damage for opposing Labor’s determination to use public sector employment and expenditure to eliminate unemployment and establish the right to work.

Churchill’s CUI model of 1911, for which Menzies advocated in the late 1930s, was a strategic ploy to minimize the electoral damage the UK Liberal Party incurred for opposing Keir-Hardie’s ‘right to work’ (full employment) legislation. Queensland employers also called for it when their opposition to Theodore’s 1919 full employment legislation reached fever pitch. The idea was to match the contributions of employed workers with contributions by their employers and the government, which could be drawn upon by the worker when between jobs. It was of little use to the casualised and more frequently unemployed poorer labourers whose funds were quickly exhausted, but provided a good measure of security to the higher paid, more regularly employed higher status workers. It thus enabled opponents of full employment to refute Labor accusations that they desired the suffering of the unemployed, won them electoral support among white collar professional workers, yet crucially preserved the fear of unemployment to ‘discipline’ lower status workers who were unlikely to vote for them in any event.

Nor should we accept at face value that the newly formed Liberal Party of Australia supported full employment merely because they said so in their founding platform. Such acceptance fails to acknowledge the public obfuscation required of any party seeking electoral support in order to preserve unemployment to disempower working people. Full employment was as fundamentally repugnant to conservative politicians, their business donors and media proprietors back then as it is today.

Macintyre barely discusses the 1949 election campaign, but it entailed a year of Labor ministers accusing Menzies of planning to abandon full employment if elected and Menzies and his colleagues expressing outrage at the suggestion. Labor accused Liberals of planning to redefine ‘full employment’ (then deemed to be 2% unemployment) to 5%–8% unemployment. Menzies had to deny the accusation emphatically. In his 1949 campaign launch speech, yet another occasion in which Chifley spoke of the ‘light on the hill’, he spelled out the issue as bluntly as this:

You cannot have discipline and efficiency – so critics say – unless you have a degree of unemployment. Not too much unemployment of course – that would be bad for business. Just a nice six or eight per cent of unemployment, just a quarter million or so out of work to keep the fear of the sack in the hearts of all the rest. (Chifley, 1949)

Much is made of the fact that the Menzies government did preserve full employment, but this is not because they wanted to but because they had no choice. When the 1951

cabinet considered their options for dealing with the Korean War wool boom inflation, full employment was clearly in their sights:

**McEwan:** Inflation results from two things: too much money and too little work. The circumstances of full employment are the greatest single cause of inflation.

**Menzies:** If we can reduce public spending and private investment we will be attacking that problem.

**McEwan:** It is a terrible thing to think that the fear of unemployment is the only way that men can be made to work harder. (Australia Cabinet Notebook, 1951: 46)

But when they attempted to push up the unemployment rate by reducing public sector employment or expenditure, Labor and the unions came out and accused them of abandoning full employment and the Coalition plunged in the polls. What modern commentators don't fully appreciate is that once an electorate is acclimatised to full employment and understand that it is within the power of governments to establish and maintain (as was the case by 1949), even a slight increase (0.5%) in unemployment prompts a disproportionately severe voter backlash. A 1970 Organisation for Economic Co-operation and Development (OECD, 1970) publication acknowledged the difficulty for governments considering the use of unemployment as an anti-inflation tool once full employment was well established:

People's reaction to going bankrupt or being thrown out of a job may have been different in the 1930s when it could be thought this was the result of a natural disaster. But today a serious recession would be clearly recognised to be the result of a deliberate policy being followed by the government. (p. 37)

It is disconcerting how much historical scholarship in relation to unemployment treats the actions of conservative politicians and business leaders as sincerely intended, if wrong-headed, when the evidence of their venal duplicity is abundant. They are consistently accorded the benefit of the doubt, as sincerely believing the spurious arguments they make for economic policies that worsen unemployment, or prevent its elimination, and which fail to result in anything like the outcomes they promise. Their deliberate, wilful, exploitation of unemployment as a social-industrial weapon is obscured and omitted from discussion.

Macintyre is by no means the worst offender in this regard; indeed, I have often quoted this passage from his 1985 *Winners and Losers*:

... if the new economic malaise has taught us anything, it has reminded us that crises have different effects, that there are winners as well as losers, and that government policies are determined not simply by competing economic theories but competing interests. (Macintyre, 1985: 24–25)

He should also be congratulated for what he has achieved with this latest book, and our criticism should not be overstated, but I think it is fair to caution prospective readers that

there was more resistance to the establishment and maintenance of post-war full employment than is suggested in this account. This is a crucial moment in our history to understand and understand well: a government committed to advancing the interests of workers declared unemployment was a matter of policy choice and chose to do away with it.

Unemployment was restored by bureaucrats 30 years later, supposedly as a temporary measure in an inflation emergency, albeit without any democratic mandate to do so, and subsequently re-institutionalised by a government that specifically lied to the electorate about its intentions before the 1975 election. We are seldom reminded that inflation under Menzies in the early 1950s went higher than it did under Whitlam, and yet it fell to a tolerable level within a few years *without abandoning full employment*. Historians have a critical role to play in debunking the fairy story that passes for historical economic analysis these days. From the 1975 Hayden budget onward, unemployment has been wilfully preserved to cower working people, and the past 40 years of high labour underutilisation which has scarred the lives of millions of Australians has been a matter of policy choice.

So I recommend this book, another fine work by a great Australian social historian. It very usefully reviews the broad range of policy issues and political difficulties that the Curtin and Chifley governments tackled in their seven eventful years and belongs on every Australian bookshelf. My only caveat is that in terms of the labour movement's long struggle to establish the right to work, this account of its great moment of victory is far from comprehensive on the subject.

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