acceptance of higher unemployment 164
Acemoglu, D. 108
Adam, K. 115, 154
*An Agenda for a Growing Europe, Making the EU Economic System Deliver* (Sapir, 2003) 138
aggregate demand
importance for employment growth employment gaps 175
employment growth and output growth 175, 180–81
reasons for using stylised facts 174–5
and NAIRU 88–91
role in unemployment, overview 163–5
Akerlof, G.E. 79, 91
Albaek, K. 104, 106, 119
Alcaly, R. 227
Alesina, A. 150
Allen, E. 255–6
Altmeyer, A. 9, 224
AMI (augmented misery index), definitions 164, 172
Amid-Hozour, E. 45, 48
Amsterdam Treaty (1997), eurozone membership criteria 141
Andersen, P.S. 159
Arestis, P. 142, 152, 241
Aspergis, N. 152
Atkinson, T. 123, 126–7, 130
Attwood, T. 29–30
Australia
acceptance of higher unemployment 164
AMI (augmented misery index) 173
compliance with OECD *Jobs Strategy* 133–4
current vs lagged unemployment 196
current vs lagged vacancies 198
employment gap 176
employment growth vs GDP 178, 182
inflation 169
labour underutilisation 165
MI (misery index) 166–7
sacrifice ratio 159–60
underemployment 171–2
unemployment entrenchment 137
unemployment rate and NAIRU 184
unemployment vs labour demand 192
Austria
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
Baily, N.M. 97
Baker, D. 135, 181, 186
Ball, L. 76, 98–100, 104, 114, 148, 150–52, 154, 156–9, 161, 174, 191, 229
Ball, R.J. 41
Bancoft, G. 39
Barber, W.J. 47
bargained real wage (BRW) 84
Barro, R.J. 66, 150, 210
Bean, C.R. 70, 80
Becker, G. 42
Belgium
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
Bell, S. 210
BER (buffer employment ratio) 232
Bernanke, B.S. 147–9
Beveridge (UV) curve
framework 103–5
and NAIRU 102–3
Beveridge, W.H. 9, 38, 163
Bill, A. 92, 100, 125, 154, 157–9, 161, 229, 241
Blanchard, O. 80, 86, 88–9, 97–8, 101, 113, 115, 118–19, 150, 159, 211
Blinder, A. 15, 22, 77, 95–6, 144, 151
Bodart, V. 115
Bofinger, P. 142
Boschen, J. 156, 158
Branch, W.A. 154
Broer, P. 86, 118
Brown, Arthur Joseph 42–3, 47–8
Brussels–Frankfurt consensus
definitions 138–9
overview 143–4
see also European Employment Strategy; Stability and Growth Pact
BRW (bargained real wage) 84
buffer employment ratio (BER) 232
buffer jobs 10–11
buffer stocks
of employed and price stability
and macroeconomic policy 239–46
overview 228–9
see also job guarantees
and price stabilisation
overview 19, 224–6, 258–9
of unemployed and price stability
226–8
Buiter, W.H. 101, 112, 141–2
Bundesbank, overestimation of
NAIRU 89
Burgess, J. 21
Burns, M.E. 97

Cahuc, P. 105–6, 119
Campbell, J.Y. 188

Canada
AMI (augmented misery index) 173
current vs lagged unemployment 196
current vs lagged vacancies 198
employment gap 176
employment growth vs GDP 178, 181–2
inflation 169
MI (misery index) 166–7
sacrifice ratio 159–61
underemployment 171
unemployment rate and NAIRU 184

unemployment vs labour demand 192
capital costs, and NAIRU 86–7
Carlin, W. 100, 110, 112, 114, 119
Carlson, E. 172, 174
Casares, M. 115
Casey, B.H. 130, 139–40
Cecchetti, S.G. 150, 152
central banks
independence 150, 206
interest rates and government debt 215–18
see also Bundesbank, overestimation of NAIRU; ECB
Chang, R. 65
Chick, V. 34–5, 37
Choi, K. 152
Clarida, R. 112–13
classical employment theory 24–6
Clower, R.W. 36, 62, 65–6
Coenen, G. 154
collective pillar 9
community development, and job guarantees (JG) 19–20
Cook, B. 16, 127
Copeland, M. 47
Cornwall, J. 237
Cowles Commission 39–42
Cowling, S. 129, 134, 172
Cross, R. 95
Cunado, J. 158
Davidson, J.E.H. 55
Davidson, P. 35, 109, 240, 244
Davis, S.J. 195
de Garcia, F.P. 158
De Grauwe, P. 141
de Vroey, M. 63, 67, 79, 111, 114
debt monetisation 211–12
Declaration of Philadelphia (ILO, 1946) 21
deficit dove paradigm 141
DeLong, J.B. 146, 218
Denmark
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
Desai, M.J. 42, 44, 48, 55
### Index

**Diagnosing Unemployment**  
(Malinvaud, 1994) 69
Diamond, P. 98
Dimand, R.W. 32
disequilibrium economics 65–70
disinflation, measuring costs of 156–61
Donner, A. 32
Dostal, J.M. 71, 130, 139
Dow, S.C. 63, 245
Drèze, J.H. 70–71, 80
Ducker, M.J. 156
Dunlop, J.T. 39

ECB (European Central Bank)
and democracy 142
and inflation targeting 148–9
economic pillar 8
EES (European Employment Strategy) 139–40
Ellwood, D. 137
employer of last resort (ELR) 229, 236
see also job guarantees

*An Enquiry into the Nature and Effects of the Paper Credit of Great Britain* (Thornton) 28
environmental projects, and public sector employment 20
Epstein, R.J. 39, 41–2, 55
EPWP (Expanded Public Works Programme, South Africa) 255–8
equilibrium
definitions 34–5
in LNJ 72–3
estimation, vs evaluation 55
Europe
policy debate 70–71
underemployment 165, 172
European Central Bank (ECB)
and democracy 142
and inflation targeting 148–9
European Employment Strategy (EES) 139–40
European Unemployment Programme 70–71
eurozone membership criteria
Amsterdam Treaty (1997) 141
Maastricht Treaty (1992) 140
exchange rates, and job guarantees 244–6

Expanded Public Works Programme (EPWP, South Africa) 255–8
Ezekiel, M. 55
Fair, R.C. 100, 174
fallacy of composition 34
Fetter, F.W. 29
fiat currency
definitions 205
see also monetary framework, government as a monopoly supplier of fiat currency
financial crowding out, myth of 218–20
Finland
inflation 169
MI (misery index) 166–7
Fischer, A.M. 156
Fisher, Irving 32–4, 42–3, 45–7, 55
Fitoussi, J.P. 71, 141
Forstater, M. 212, 230, 247
France
AMI (augmented misery index) 173
current vs lagged unemployment 196
current vs lagged vacancies 198
employment gap 176
employment growth vs GDP 178, 180–82
inflation 169
MI (misery index) 166–7
sacrifice ratio 160
underemployment 171
unemployment rate and NAIRU 184
unemployment vs labour demand 192
Franz, W. 101–2
Freeman, R. 135, 163, 175
frictional unemployment 35
Friedlander, D. 252
Friedman, M. 12, 23, 33, 41–2, 46–7, 56–60, 66, 73, 77, 79, 93, 195
Fuhrer, J. 115, 150
‘full employability’ framework
acceptance of 123–5
definitions 4–5, 15–17, 125–9
empirical evidence 201–2
overview 260–62
‘full employment’ framework
abandonment of 11–15
definitions 4, 8–11
Full Employment in a Free Society
(Beveridge, 1944) 9, 38
Fullwiler, S. 230
Future Fund (Australia) 213
Galbraith, J.K. 77
Gali, J. 113, 115, 119, 150, 154, 159
GBC (government budget constraint) framework 210
Germany
AMI (augmented misery index) 173
current vs lagged unemployment 196
current vs lagged vacancies 198
employment gap 176
employment growth vs GDP 178, 180, 182
inflation 169
MI (misery index) 166–7
sacrifice ratio 160
underemployment 171
unemployment rate and NAIRU 184
unemployment vs labour demand 192
Gertner, M. 154
Giammarioli, N. 119
Giddens, A. 16, 127
Gilbert, C.L. 51, 55
Goetschy, J. 139
Goldberger, A. 41
Goodfriend, M. 110
Goodhart, C.A.E. 67
Goodwin, R.M. 44
Gordon, R.J. 31–2, 47, 76, 93–4, 109, 233
government deficit equals non-government surplus 207–9
not constraining spending 209–12
Graham, B. 231
Grant, A.P. 154
The Great Inflation, 1939–51 (Brown, 1955) 43
Grossman, H.I. 66
Groth, C. 115
Hahn, F. 64
Hall, R.E. 107
Hansen, H. 104, 106, 119
Hargreaves Heap, S.P. 96–7
Havilèsky, T. 67
Hayek, F. 28
Hendry, D.F. 40
Holmlund, B. 69
Howitt, P. 67
Hughes, B. 78
human rights, employment as 3, 21–2, 260
Hume, D. 27–8
Humphrey, T.M. 27–8, 31–2, 46
hysteresis challenging invariance of the natural rate 92–3
Keynesian counter-attack 95–6
LNJ 75
models early 96–8
recent 98–101
and persistence 101–2
US debate 76–7
hysteresis effect 97
hysteresis hypothesis 96, 98, 101
IMF (International Monetary Fund), mission creep 129–30
individuality pillar 16–17
inflation targeting adoption of 148–9
claimed advantages 149–52
claims of success 152–4
empirical conclusions 155–6
impact on persistence and expectations 154–5
impacts 159–61
overview 161–2
and unemployment 5–6
inflation/unemployment relationship Attwood, Thomas 29–30
English classical economists’ view 31–2
Fisher, Irving 32–4
Hume, David 27–8
Mill, John Stuart 30–31
Thornton, Henry 28–9
interest rates 215–18
International Labour Office (ILO), Declaration of Philadelphia (1946) 21
invisible underemployment 170
involuntary unemployment
  Keynes on 34–7
  New Classical denial 62–4
Issing, O. 148–9
Italy
  AMI (augmented misery index) 173
  inflation 169
  MI (misery index) 166–7
  sacrifice ratio 160–61
  underemployment 171
Jackman, R. 72–9, 82–3, 85–7, 100, 103–5, 109, 118, 124, 129–30, 136, 181, 190, 194
Jacobsson, K. 139
Jamrozik, A. 11
Japan
  AMI (augmented misery index) 173
  current vs lagged unemployment 197
  current vs lagged vacancies 199
  deficits and interest rates 219, 220
  employment gap 177
  employment growth vs GDP 179–80, 183
  inflation 169
  MI (misery index) 166–7
  sacrifice ratio 160–61
  underemployment 165–6, 171
  unemployment rate and NAIRU 185
  unemployment vs labour demand 193
  Jefes de Hogar programme (Argentina) 255–8
job guarantees (JG)
  acceptable jobs 242
  balance of payments constraints 244–6
  career paths to private employment 251–2
  and community development 19–20
  concept 229–32
  definitions 7–8
  financial considerations 243–4
  as Generalised Demand Expansion 239–40
  vs generalised Keynesian expansion 240–43
  inflation control 232–3
  need for 264–6
  political aspects 236–9
  in practice 255–8
  and price stabilisation 19
  proposal 19
  quality of jobs 246–50
  and social security payments 243, 254–5
  underemployment 252–4
  value of output 250–51
  Job Network (Australia) 133–4
  job search intensity, in LNJ 73–4
  Jobs Study see OECD Jobs Study: Facts, Analysis, Strategies
Jones, M. 14
Jordan, T.J. 150, 158
Juniper, J. 224, 241, 243
Kadmos, G.A. 240, 243, 247, 251
Kalecki, M. 236–7
Keynes, J.M. 34–6
Keynesian econometricians 39–42
Keynesian era 38–9
King, R.G. 110
Klein, Lawrence R. 39–41, 48, 79
Kleinknecht, A. 231
labour-augmenting technical change, and NAIRU 87–8
labour underutilisation 168–72
Lavoie, M. 110, 112, 114–15, 213
Layard, (P)R.G. 13, 22, 70, 72–9, 82–3, 85–7, 100, 103–5, 109, 118, 124, 129–30, 136, 181, 190, 194
Leeson, R. 39, 46, 51, 54, 56
Leijnshufvud, A. 36, 62, 65–6
Levin, A.T. 152
Lindbeck, A. 97, 123
Lipsey, R.G. 42–3, 51–2, 56, 61, 79
LNJ (Unemployment: Macroeconomic Performance and the Labour Market, Layard, Nickell and Jackman, 1991)
  approach to NAIRU 72–5
  US discussion 75–7
Lodewijks, J. 41
Lucas, R.E. 46, 61–2, 64, 79
Luxembourg Summit (1997) 139
Maastricht Treaty (1992), eurozone membership criteria 140
MacLeod, G. 14
Maddison, A. 10
Malinvaud, E. 67–9, 71, 104–5, 107, 119
Mankiw, N.G. 76, 188
Marshak, J. 39
Marx, K. 35–6
Masson, P. 150
McCollum, J.F. 32
McCombie, J.S.L. 48
Meiselman, D. 42
MI (misery index) 166–8
Mill, J.S. 30–31
Minford, A.P.L. 75
Mishkin, F.S. 147–8, 155
modern monetary theory 17, 17–18
modified Phillips curve 53–6
Modigliani, F. 88, 144, 151, 190–91, 201, 227
Modigliani puzzle 89–90
monetarism, rise of 146–7
monetary framework
  bank rate and government debt 215–18
government as a monopoly supplier of fiat currency 205–7
government deficit equals non-government surplus 207–9
government spending not revenue constrained 209–12
myth of financial crowding out 218–20
overview 205, 223
state money and unemployment 220–22
vertical and horizontal relationships 212–14
Of Money (Hume) 27
money illusion 32–3
money market transactions 215
Mortensen, D.T. 105
Moschitz, J. 216–17, 223
Mosher, J.S. 139
Mosler, W.B. 6, 11, 19, 37, 205, 212, 224–5, 229, 259
Mouratidis, K. 152
Muysken, J. 76, 99–100, 108, 118, 135, 138, 140, 142, 144, 175, 180–81, 238, 252
Naastepad, C.W.M. 231
NAIBER (non-accelerating inflation rate buffer employment ratio) comparison to NAIRU 233–6
definitions 232
NAIRU (non-accelerating inflation rate of unemployment) approach aggregate demand 88–91
capital costs 86–7
definitions 12
discussion in the US 75–7
empirical characteristics 181, 186
as a guide to policy 227–8
inflation targeting 148–9
in Jobs Study 129–31
labour-augmenting technical change 87–8
LNJ approach 72–5
original approach 83–6
Phillips identification of 51
Napoleonic Wars, suspension of note convertibility to gold 26–7
National Rural Employment Guarantee Act (NREGS, India) 255–8
Natural Rate Hypothesis, and Phillips curve 93–5
natural rate theory 81–2
natural unemployment 60–62
Neely, C.J. 156–7
Nelson, C.R. 28, 102
Netherlands
  AMI (augmented misery index) 173
current vs lagged unemployment 197
current vs lagged vacancies 199
employment gap 177
employment growth vs GDP 179, 183
inflation 169
MI (misery index) 166–7
underemployment 171
unemployment rate and NAIRU 185
unemployment vs labour demand 193

New Labour economics, and search-theoretical approach 108

Nickell, S. 70, 72–9, 82–7, 100, 103–5, 109, 118, 124, 129–30, 136, 181, 190, 194

NK (new Keynesian) approach
deficiencies 114–15
growing significance 83, 109–10
IS curve 111–12
models 110–11
monetary rule 113–14
Phillips curve (NKPC) 112–13
Noaksson, N. 139

Non-government Tin Shed 213–14, 220, 223

Norway
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171

NREGS (National Rural Employment Guarantee Act, India) 255–8

Nugent, T.E. 208, 219

O’Brien, D.P. 26–9, 47

OECD
policy results 5
use of Jobs Study to broaden role 129


empirical failings 134–6
empirical scorecard
labour underutilisation 168–72
Misery Index 166–8
overview 165–6
hysteresis problems 100
inflation targeting 4–5
influenced by Layard 13–14
overview 129–30
policy recommendations 130–31
shift to Full Employability 131–4
shifts in perspective 136–8

O’Hara, P. 240, 243, 247, 251
oil crises 62
Okun, A.M. 59, 97
Ormerod, P. 10–11, 38, 54, 94, 191, 230, 249
Osterman, P. 195
Ours, J.C. van 73, 84–5, 118

Padula, M. 115, 154
Paloviita, M. 114, 119, 154
Panić, M. 144
Patinkin, D. 40, 58, 65
Peck, J. 14, 133, 137

persistence
concept of 187–8
in OECD NAIRU estimates 190
in OECD unemployment rates 188–90

Pesaran, M.H. 40
Petrongolo, B. 103
Phelps, E.S. 22–3, 33, 57–8, 60–62, 77, 79, 86, 93, 95–7

Phillips curve
attribution of 45–7
Brown, Arthur Joseph 43–4
early 1970s shift 57–8
early views 23–4
Fisher, Irving 32–4, 43
inclusion of inflation expectations 58–9
Lipsey, theoretical support for 52–3
modified curve 53–6
and NAIRLU (non-accelerating inflation rate of labour underutilisation) 173–4
and Natural Rate Hypothesis 93–5
Phillips original statement of 50–52
Phillips publication of 42–3
Sultan, Paul 45

see also NK

Pigou, A.C. 24
Piore, M.J. 94
Pissarides, C.A. 103, 105
Plosser, C.I. 102
Pocock, B. 172
Index

Portugal
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
Posen, A.S. 147–8
post-WWII thinking 9–11
price-determined real wage (PRW) 84
public sector job creation programmes, in US 137–8
Quintini, G. 136
Quirk, V. 12, 134
quit rate, paradox 194–5, 200
Ramsay, A. 240, 245
Rapping, L. 61, 79
reciprocal obligation 16–17
redistributive pillar 8–9, 16
Rich, R. 150
The Rise in Unemployment (EEC conference) 70
Robbins, L. 55
Roger, S. 152
Romer, D. 158
Rowthorn, R.E. 44, 86–8, 118, 227
Rudd, J. 113–15, 119
sacrifice ratio
definitions 156–7
estimates 158–9
Samuelson, P.A. 49, 51, 53–4, 58, 79
Santomero, A.M. 50
Sapir, A. 138
Sapir Report 138
Saraceno, F. 141
Sargent, T.J. 46, 150–51
Sattinger, M. 253
Sawyer, M.C. 43–5, 56, 89, 91, 142, 234–6, 239–41, 246–54
Saxton, J. 152
Say, Jean-Baptiste 35
Say’s law
and 1970s monetarism 57–8
in classical employment theory 26
and NAIRU 12
Schultz, H. 55
Schwartz, A. 42
search theory
drawbacks 108–9
and labour market dynamics 105–8
Seater, J.J. 50
Seccareccia, M. 240, 250–51
Sheridan, N. 152, 154, 159, 161, 229
Shimer, R. 107–8
Shove, G.F. 266
Siegel, R.L. 21
Siklos, P.L. 148
Simon, J. 155
Skidelsky, R. 62
Smets, F. 115, 119
Smith, R. 40
Smolensky, C.L. 109
Snower, D.J. 97
social security payments, and job guarantees (JG) 243, 254–5
Solans, E.D. 149
Soskice, D. 100, 110, 112, 114, 119
Spain
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
spatial Keynesian framework 241–3
speed limits to growth 130
Stability and Growth Pact 140–43
Stanley, T.D. 92
state money, and unemployment 220–22
sterilisation 211
Stiglitz, J.E. 76, 129, 142, 144
Stone, M.R. 152
Stone, R.M. 40
Sultan, Paul 45
Summers, L. 97–8, 101, 150
Svensson, L. 150
Sweden
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171
Index

Switzerland
AMI (augmented misery index) 173
inflation 169
MI (misery index) 166–7
underemployment 171

taxation, functions of 210, 220–22
Taylor, J.B. 94, 227
Tcherneva, P. 255–6, 258
temporary employment 135
text books, presentation of Phillips curve 56
Thaler, R.H. 33
*Theories of Surplus Value* (Marx, 1863) 35–6
Thirlwall, A.P. 43
Thomas, L.B. 154
Thornton, H. 28–9
Thurow, L.C. 12, 78, 94–5, 97, 123, 195, 252
time-related underemployment 170
Timmins, N. 11
Tin Shed 213–14, 220, 223
Tinbergen, Jan 40, 48
Tobin, J. 44, 65, 69, 75, 97
training initiatives, and JG (job guarantees) 20
Trubeck, D.M. 139

UK
AMI (augmented misery index) 173
current vs lagged unemployment 197
current vs lagged vacancies 199
employment gap 177
employment growth vs GDP 179–80, 183
inflation 169
MI (misery index) 166–7
sacrifice ratio 159–61
underemployment 171
unemployment rate and NAIRU 185
unemployment vs labour demand 193
underemployment
job guarantees (JG) 252–4
time-related 170
visible 170
*see also* Europe, underemployment; Japan, underemployment

unemployment
classical and Keynesian 67–9
as disequilibrium phenomenon 64–71
review of economic construction of 77–9
and vacancies 191, 194
unemployment benefit schemes
and JG (job guarantees) 20
OECD comments on 132
unemployment rates, OECD countries 134

Ungar, M. 154
Universal Declaration of Human Rights (1948) 3, 21

US
AMI (augmented misery index) 173
current vs lagged unemployment 197
current vs lagged vacancies 199
employment gap 177
employment growth vs GDP 179–81, 183
inflation 169
MI (misery index) 166–7
sacrifice ratio 160–61
underemployment 171
unemployment rate and NAIRU 185
unemployment vs labour demand 193

UV (Beveridge) curve
framework 103–5
and NAIRU 102–3

Valla, N. 119
van der Ploeg, F. 111, 114
velocity 147
Vickrey, W. 12, 38
visible underemployment 170
voluntary unemployment, in LNJ 73

wage levels, in Job guarantee scheme 231–2
wait unemployment 232
Wall, H.J. 104
Waller, C. 156–7
Walsh, C.E. 111, 119, 154
Wang, P. 115
Wascher, W.L. 159
Watt, A. 130, 140
Watts, M.J. 21, 102
<table>
<thead>
<tr>
<th>Name</th>
<th>Pages/References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Webster, D.</td>
<td>92, 100</td>
</tr>
<tr>
<td>Weintraub, S.</td>
<td>109</td>
</tr>
<tr>
<td>Weise, C.</td>
<td>156, 158</td>
</tr>
<tr>
<td>Welters, R.</td>
<td>118, 252</td>
</tr>
<tr>
<td>Welty, E.</td>
<td>137</td>
</tr>
<tr>
<td>Wen, Y.</td>
<td>115</td>
</tr>
<tr>
<td>Whelan, K.</td>
<td>113–15, 119</td>
</tr>
<tr>
<td>Wieland, V.</td>
<td>154</td>
</tr>
<tr>
<td>Woodford, M.</td>
<td>112, 114, 119</td>
</tr>
<tr>
<td>Wool Floor Price Scheme (Australia)</td>
<td>230–31</td>
</tr>
<tr>
<td>Wouters, R.</td>
<td>115, 119</td>
</tr>
<tr>
<td>Wray, L.R.</td>
<td>6, 162, 205, 208, 211, 224, 230, 236, 239–40, 243, 247–8, 251, 253–6, 258–9</td>
</tr>
<tr>
<td>Zhang, L.</td>
<td>156, 158</td>
</tr>
<tr>
<td>Zilberfarb, B.-Z.</td>
<td>154</td>
</tr>
<tr>
<td>Zoega, G.</td>
<td>86, 104</td>
</tr>
<tr>
<td>Zylberberg, A.</td>
<td>105–6, 119</td>
</tr>
</tbody>
</table>