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FULL EMPLOYMENT AND FREE TRADE
by Michael Polanyi

REVIEWS:

From THE NEW ENGLISH WEEKLY & THE NEW AGE, 14 February 1946:
"Full employment In the Soviet Economy
This is admirably explained in a new book by Prof.Michael Polanyi, which includes a careful account of the evolution of the Soviet financial system. We are often told that the Soviets deserve our admiration above all for having eliminated unemployment. They did this, says Prof. Polanyi - and it was more by luck than Judgment, for at the time they had other aims in view - by 'maintaining a Budget Deficit, which kept the labour market under inflationary pressure.' They did not do it by the draconian management of labour and by centrally directing workers into prescribed occupations. Indeed, this author has nothing to say of the disciplinary 'labour camps' which have attracted so much attention from other writers about Soviet Russia, and which do, without doubt, much to prevent any 'labour unrest' among the freer workers. But that is rather beside the present point. There is always a shortage of labour in Russia because there is always an excess of money in circulation: the various productive firms which are run on commercial principles and largely in competition with one another, are in fact often bidding up the price of labour in the open market to an extent which provokes Government regulation. In a word, the effect of a money always increasing in quantity and declining in real value is seen in the perpetuation of some symptoms we witness in our own society today, including the strong tendency to absenteeism by labour and its excessive mobility. And Prof. Polanyi thinks that, although there may be more discontent with their economic system than is ever allowed to appear its genuine appeal to the active, pioneer spirit of the Russian people yet remains undeniable. A similar appeal has invariably emanated from a state of monetary expansion. It could be felt in the opening years of the Hitler regime in Germany and even during the hard war years in Britain. An inflationary atmosphere seems to exercise a stimulating effect which, in the popular view today largely

offsets its material inconveniences, and even its shadv moral aspects. The public bias is bound to form an important and I think up to a point legitimate, factor in deciding on the desirable level of employment and national income. »

Notes, manuscript, bottom of the page:

3 september 1947
Sent to Odon Por
also Time & Tide review 14 Sept 1946
Manchester Guardian 9 Nov 1945

18 Sept 1947
Sent p.e.
Promising to send N. E. Weekly
Economic Reform Club Bulletin