seeking a more fully pluralist approach. Yet the book is successful in showing that a unit of study based on the standard concerns of mainstream macroeconomic theory and policy can raise all the big political economic questions if only teachers are willing to rise to the challenge.

Michael Beggs

Inflation and the Making of Australian Macroeconomic Policy 1945-85

Palgrave Macmillan, Basingstoke, 2015, 325pp.

Mike Beggs shows how macroeconomic policy has been implemented in Australia. His book deals with the crucial decades when macro policy was variously part of a strategy of 'nation building', a means for securing full employment and a tool for preventing high rates of price inflation. The last of these elements is particularly distinctive because, as Beggs notes at the outset, 'the control of inflation is of central importance to the structural role of the state within contemporary capitalism (p.1). This emphasis may strike some younger readers as odd because it is a quarter of a century since inflation was a major economic threat in Australia and, post-GFC, it is deflation rather than inflation that has been the bigger worldwide concern. Yet the fundamental importance of the inflationary threat remains, Beggs argues, and is now enshrined in the independent role of the central bank in many nations. In Australia the Reserve Bank of Australia has the capacity to use monetary policy as a brake that can be applied whenever it regards an elected Australian government's expansionary fiscal policy as unwise.

Starting with an excellent chapter on the nature of the state and economic policy, reflecting on the ideological and institutional influences on the policy process, the book then turns detailed attention to how policy was shaped during the forty years studied (split broadly into two sub-periods). The story ends with the experience of the ALP-ACTU Accord during the Hawke-Keating years, but does not venture beyond. So it takes us to the period commonly regarded as marking the onset of neoliberalism, but it also shows the longer-standing influences pushing public policy in that direction. These include concerns with 'cost-push inflation' (blaming the unions), the nature of the balance of payments constraint, beliefs about the unemployment-inflation trade-off (depicted by the Phillips curve), the influence of monetarism, the effects of floating the dollar, concern with the 'wage overhang' (oh dear, unions again!) and much more.

By scrutinising these matters, the book tells the story of economic policy, showing the influence of economic analysis channelled through institutional processes and shaped by the evolution of real-world conditions. It is a much deeper political economic exposition than Greg Whitwell's standard book on *The Treasury Line* (1986) which was written at the end of the period that Beggs surveys.

Susan Schroeder

Public Credit Rating Agencies: Increasing Capital Investment and Lending Stability in Volatile Markets

Palgrave Macmillan, New York, 2015, 196pp.

When the GFC began in 2008-9 there was widespread criticism of the major international credit rating agencies – Moody's, Fitch and Standard and Poor's. They were percived a having exacerbated, if not caused, the crash because of erroneous judgments they made about the riskiness of complex financial instruments such as 'collatoralised debt obligations'.

Critics, including Robert Wade, argued that the agencies were complicit because they derive income from payments by the very businesses whose securities they are supposedly objectively rating. Nothing new there, of course: as the author of this book notes, the ratings agencies have been subjected to criticisms, including 'regulatory capture', ever since they began. A critique of the agencies and their bizarre rating of Australian governments' securities was published in *JAPE* No.34 over 20 years ago.

Susan Schroeder's book thoroughly examines the functions that the credit ratings agencies perform, looking from a perspective informed by heterodox economics. It has chapters considering private credit risk, sovereign credit risk, regulatory capture and the role that a public credit rating agency could perform in stabilising an otherwise unstable situation. The source of the instability is located in the inherent nature of investment in a capitalist economy where uncertainty is ever-present. Schroeder's thoughtful application of insights from Keynes and various