

Forcing unemployment to rise is not the answer, says ACTU

The ACTU calls on the RBA to cut the cash rate following today's decision by the Board to hold it steady at 4.35 percent.

The RBA's objective is to achieve the maximum level of employment it can, consistent with inflation returning to target. Inflation growth has been slowing even with a historically low unemployment rate.

The latest ABS data shows annual inflation fell to 4.1 percent in the year to December 2023, significantly down from a peak of 7.8 percent in the year to December 2022, even while the unemployment rate sits at 4.1 per cent – well below where it was before the pandemic.

Research from organisations including the OECD, the IMF, and numerous international central banks shows that current price pressures are driven by corporate profits and not by wages.

The body of evidence adds to Professor Allan Fels' report on Price Gouging and Unfair Pricing Practices released in February, which detailed the extent of corporate profiteering and price gouging in Australia.

Quotes attributable to ACTU Secretary Sally McManus:

“The RBA should be looking to cut rates, not increase unemployment.

“Unions do not accept the RBA logic that unemployment and underemployment need to increase. The RBA should be supporting full employment - everyone who wants a job getting one. This is good for everyone.

“The last few years have clearly shown us that more people with enough hours and jobs do not cause unmanageable wage increases. The RBA needs to trash their outdated models which build in higher unemployment than necessary.

“The RBA should be focused on keeping unemployment and underemployment low, not driving it up and forcing firms to adjust hours so more people become underemployed and cannot get the hours they want to work. The RBA need to be focused on how they can do more to take the pressure off working people.

“Workers and small businesses are being hurt by the price gouging of big business, which adds to inflation for all of us.”

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