
Letters

Rates not based on real unemployment figures

The report "Job ads dive may set scene for rate cut" (AFR, July 9) missed a key point.

A key factor in determining interest rates is the monthly unemployment figure. This is based on the monthly ABS Labour Force Survey. No serious person should believe the monthly figure, as it is based on a political definition of unemployment, not an actuarial one.

Unfortunately, decisions made on the basis of the ABS figures have real consequences for Australians, including the RBA's determination to maintain Australian interest rates at well above the rates of comparable countries such as Canada. This means real Australian businesses suffer from the higher borrowing costs. Real unemployment figures would lead to a big drop in rates and more jobs.

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