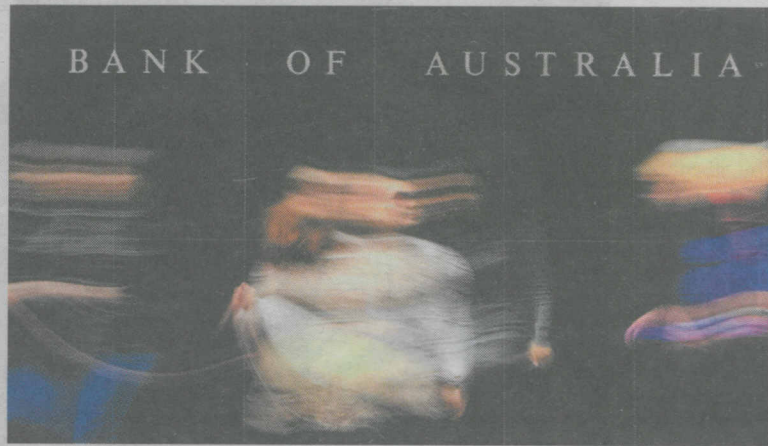


Our say...

**The Daily Telegraph****Focus on spirit of bank's charter**

**T**HE statement itself is definitely clear. According to the Reserve Bank its charter, carried on its website, says it is required to “ensure that the monetary and banking policy of the Bank is directed to the greatest advantage of the people of Australia”.

Moreover, in seeking this advantage, the charter requires the bank to pursue “the stability of the currency of Australia; the maintenance of full employment in Australia; and the economic prosperity and welfare of the people of Australia”. This is all part of the Reserve Bank Act 1959.

With unemployment in certain sectors — notably banking — now on the increase, the element of the bank's charter that calls on it to maintain full employment is coming in for understandable

attention. The bank has at its disposal one blunt instrument: interest rates.

As *The Daily Telegraph* reports, University of Newcastle economist William Mitchell believes that instrument is not being used in the correct way.

One difficulty for the bank is that its aims aren't always achievable in an employment market that is not centrally controlled. Despite the charter, it is not the Reserve Bank's job to find jobs.

At the same time, the bank clearly has a massive influence on economic circumstances. As we've seen in recent years, even small rate shifts can save small businesses or send them broke.

That line about full employment is worth further focus by the bank. Some aims, although impossible in a practical sense, are rewarding in and of themselves.

**Bank has job on hands****Phil Jacob**

AUSTRALIA'S recently unemployed should take a class action against the Reserve Bank because it has failed to deliver on one of its core missions, one of the nation's top economists said yesterday.

Professor William Mitchell, a leading voice on the jobless from the University of Newcastle, has said the proof was plain to see that the Reserve Bank wasn't living up to its

duty of “maintaining full employment in Australia”.

“I definitely believe the unemployed should take a class action against the central bank,” Prof Mitchell said.

“They've certainly failed in this part of their requirements, because they claim to have managed the current unemployment rate yet it's clearly on the rise.”

After ANZ announced on Monday it would axe 1000 jobs, speculation is mounting

that Qantas will be the next company to announce mass job losses. The airline is due to unveil its half-yearly financial results tomorrow, when it is feared engineering job cuts may also be announced.

Australian Licensed Aircraft Engineers Association federal secretary Steve Purvinas said the rumours were building that the airline was planning to slash jobs.

“It wouldn't surprise me that Qantas would shed hund-

reds of jobs which seems to be their style of management rather than harnessing the quality product that we produce here in Australia,” Mr Purvinas said.

Qantas denied the claim, saying in a statement that “any suggestion that Qantas is sending jobs offshore is totally incorrect”.

While last month's overall unemployment remained steady at a respectable 5.2 per cent for December, analysts

suggest the official figure could have been much more dire.

“If the participation rate remained at 65.5 per cent, then the unemployment rate would have risen to 5.6 per cent,” TD Securities head of Asian-Pacific research Annette Beacher said. However the participation rate sank to 65.2 per cent, its lowest level in almost two years.

Former Reserve Bank board member Warwick McKibbin yesterday said the bank would

now be finding it difficult to balance keeping inflation in check with managing unemployment levels.

“We know from the '80s that if you let inflation get out of control and then stomp on it like they did in '89 and '91, the unemployment will spike dramatically. That's the trade-off right now, between inflation and unemployment,” Mr McKibbin said.