

SECRETMEMO FOR CABINET

1. Having been in the Government for a few months I humbly beg to be allowed to submit a few remarks on the present political situation in the light of our Party programme and of what we hope to achieve during the current legislature.

2. Programme for each Ministry

In my view each Minister should set for himself a programme of activities for the next five years with time schedules and priorities; this programme should be submitted for comments and approval by Cabinet. It should be kept under constant review and modifications of substance and of timing would have to be made according to the situations that may arise from time to time. I feel that a greater sense of urgency and greater degree of determination is required in pursuit of Government business. Civil Servants very often resist ministerial instructions beyond the honest advice; if instructions are not to their liking they resist, sometimes they cause delay, and I have known cases of outright disobedience with impunity. This is not the first time such things have happened but one should readily admit they should not continue to happen, as otherwise Ministers would lose control of policy.

Another matter which has surprised me is that at times Ministers themselves do not follow Cabinet decisions. A case in point is the question of redundant C.R.S. staff and in such a situation the responsible Minister can hardly be expected to retain control of his Department.

3. Labour Force and Unemployment

There can be no doubt that the most important problem facing the country is unemployment, which has outgrown far beyond the acceptable minimum and which threatens to increase further after the impending discharges from the Services. No economic viability and far less prosperity can be talked of before a substantial reduction of the present level of unemployment takes place. Jobs being created by the economic expansion are not making a noticeable effect on the employment position, because they are just about compensating for the new additions to the labour force. The matter is made worse by a substantial reduction in emigration this year. If such reduction is not overcome soon, there is also a possibility that the downward trend in population would be reversed. We cannot possibly wait for industrialisation and tourism to absorb our surplus labour force. Work for them must be found now. The expressed Government policy in this connection has been that of introducing -

- (a) a crash development programme; and
- (b) in the finding of short term suitable employment in Europe and Libya.

With regard to (a) above nothing has been done though such programme was announced in the Budget Speech and a figure of 4,300 manual workers was mentioned in this connection.

In order that such development programme might succeed it is necessary to train adequately and quickly those registering for employment who are unskilled. I have already requested that practical steps be taken in this connection but the relative memo which I sent on the 21st July, 1966, has not yet been presented to Cabinet Ministers.

With regard to (b) I have already proposed to send officials from my Ministry to scour potential sources of employment for our people in Europe and Libya. If their reports should prove encouraging, I propose to visit the countries myself and to negotiate with the respective Government on the conditions of work. As such schemes must necessarily take time to show any fruit, it is essential not to lose any further time before putting them into effect. Plans for a crash development programme should be taken in hand immediately and these should of course be labour intensive projects.

The efforts of my Ministry to implement its declared policy of giving emphasis and priority to full male employment should be given the constant support of other Ministries and no contract for any industry or any undertaking should be signed by Government until the Labour Ministry has been given an opportunity to give its advice on the labour conditions. This Ministry should be supplied with copies of such agreements in order to be able to enforce its labour clauses. One ought to keep constantly in mind that salaries and wages of workers are the greatest benefit Malta derives from industries. Most of these have been given free lands, free services (sometimes at enormous costs as in the case of Comino), beaches, etc.; practically all such enterprises are owned by foreigners to whom Government has given generous grants, generous loans and tax holidays, and will allow their earnings to be sent abroad. If one agrees that the wage element is so important it should be given at least as much consideration as the economic and financial factors have been given in the past.

4. Investment of Securities

I have already raised in Cabinet the question of investment of our money and securities abroad. The Minister of Finance should be requested to expedite his promised report on the matter so that a decision should be taken in the light of the possibility of devaluation of the sterling.

An early decision would also seem to be indicated on the question of membership in one or other of the two European Trading blocks.

5. Emigration

Emigration rates have declined substantially during the current year and we do not expect that more than 4,000 people in all would emigrate by the end of December 1966. It is possible that the new procedures for conscription

in Australia recently announced will cause an increased flow to that country. It is perhaps opportune to review emigration possibilities and potentialities in the coming years in the light of recent local and international events and I propose at the earliest opportunity to visit myself Australia, Canada and the United Kingdom to acquaint myself personally with the conditions under which we expect Maltese to settle down. I shall also submit to Cabinet at an early date proposals for the Housing Scheme in Australia.

At the moment it is thought emigration will continue to be not only the safety valve for those who cannot find work locally but an important element in keeping the population of these Islands just below the present level - about 300,000 people, perhaps the best level for a prosperous community in the foreseeable future.

6. Investment of Foreign Capital and Land Speculation

We have gone on bended knees to attract foreign capital, and we have given a number of inducements which we often have denied to our own people; we all know that there is a large amount of Maltese capital abroad, and this ought to be enticed back.

Inducements could take different forms and it is certainly not for me to suggest which are the most suitable; one has heard of various suggestions coming mostly from interested persons; interest however does not necessarily detract from the efficacy of the measures suggested. One has heard of suggestions of income tax abatement for capital invested in certain enterprises, tax holidays on the lines mentioned above and a Government guarantee in undertakings of a certain character. One can not close one's eyes to the speculation now rife in connection with the purchase of land. Unless such speculation is taken care of now, Maltese citizens may soon find it difficult to purchase land to build on it their own home; may I recall that one of the aims of our Party is to facilitate families to own their house. It may be argued that at the present time foreign money is being directed to Malta by a relatively low cost of land and that our land is thereby being given a higher value. Speculation however goes further than that because land is sold and sold again mostly to foreigners at ever increasing prices, and if this phenomenon is allowed to go unchecked then foreigners will continue to earn on our land increasing large sums of money out of which the only benefit that Malta will get is the stamp duties on the relative contract. Maltese citizens would lose ownership of their land and would be compelled to live on somebody else's property. I understand that other countries have had similar problems and among these was Switzerland. It would probably not be out of place if a Maltese official were sent to study the way Switzerland has solved its problem in order that we might copy those methods most suitable for us. Methods which might be explored are -

- (a) Government permits for foreigners to buy immovable property in Malta;
- (b) land transfer tax which would increase with successive transfers from a given date. Such tax could be discriminatory in favour of Maltese citizens;
- (c) compulsory sharing by Maltese citizens of a majority share in property ownership. Experts will no doubt suggest other measures.

7. Taxation

Attention has been drawn to the promises made in our Electoral Manifesto. As the appointment of a Commission and the consideration of its deliberations will necessarily take time, it may be prudent to start now. I understand that Dr. Liebeck has made specific recommendations on the matter and it would be well for Ministers to have a copy of his report. Many will agree that an expert review of the taxation system and methods is called for, and new conditions and fresh minds must be explored in addition to the views of minds of our own officials. A further thought might be given to encouraging the return of Maltese capital from abroad. In my view this issue is of so vital importance to Malta that it merits top priority consideration.

8. Commonwealth and Foreign Relations

Ministers are not sufficiently informed of our foreign policy trends and activities. It is not unusual for Government members to learn of Government views from the Press. Exchange of information on this matter must be improved and Ministers must be made aware of instructions which are given by the Foreign Office to our representatives abroad on matters of policy. The foreign policy which has been sponsored by our Party was one based on our affinities with the West, on our Commonwealth Association and on NATO but particularly on our special relations with the United Kingdom as embodied in our Defence Agreement. It will be readily appreciated that such a policy is in need of review and I would suggest that a Ministerial Committee under the Chairmanship of the Prime Minister should be set up to rethink afresh our foreign policy and that a report to Cabinet should be made. We should make a greater effort to cultivate relations with friendly nations and we must not allow the West to take us for granted. We may also explore the possibilities of greater contacts with such countries as France and Western Germany as well as with Japan and Taiwan all of whom might help us in the United Nations initiatives and may also render help through trade, financial and commercial agreements.

I am of the opinion that there should be Ministerial visits to these countries whenever the opportune occasion arises. We must become accustomed to the idea of Britain pulling out of Malta and we must make efforts to replace Her as our traditional major employer. We need vision in contemplating our future in the world and we must cut the apron strings of our Colonial past.

9. Education

Attention is drawn to our Party Programme in this respect and we have seen no efforts as yet to have it implemented. It has received wide acclaim and we are committed as a Government to pursue it. Certainly nothing should be done which clashes with it or which does not prepare the way for it. We have seen more effort in the implementation of extension courses than efforts in planning to implement the Party plan itself.

Implementation of the Vocational Training classes in the Elementary Schools as they are envisaged would be complementary to the Vocational Training Course mentioned earlier on, and would combine with it the imparting of the necessary skills to those school leavers who every year flood the labour market.

In my view the University should retain its academic autonomy; Government should exercise greater control over expenditure and over decisions of the University Council. At the moment the Governor-General nominates two persons to sit on the Council, the Archbishop one, and the House of Representatives six, the Guild of Graduates two, the Inter University Council one, and the Government none. It may be recalled that the Governor-General was empowered to send two representatives at the time when he was the Head of the Colonial Administration and if he is to retain these rights Government should appoint two additional members. This would entail amendment of the Statute.

In my view Government nominees should be two Ministers, one of whom may be, but not necessarily, the Minister of Education. Only in this manner can Government have adequate knowledge of what goes on in the University and can exercise the required supervision on the expenditure of the money which Parliament votes for the University. In the near future some thought should be given to the erection in the new University grounds, of residential quarters for Gozitan students, and for foreign students.

10. Gozo

The Prime Minister is now the Minister responsible for Gozo affairs and this gives him the opportunity of exerting control over what goes on there. The Secretariat for Gozo should, in my view, be strengthened and a Parliamentary Secretary should be appointed to help the Prime Minister in this sector of his activities. The needs of Gozo are many but no doubt the most important are -

- (a) Relief of unemployment;
- (b) the consideration and approval of an overall plan of development for Gozo;
- (c) improvement of the ferry service;
- (d) a new general hospital;
- (e) an all-weather harbour.

It should be a function of the Gozo Secretariat to co-ordinate all these activities but these should be stepped up, and action should be apparent to all.

The new contract for the ferry service is due in October of next year and a high level committee should be appointed now to consider the conditions that must be requested before a call for tenders is made.

A decision has, I think, been taken by both the Minister of Health and the Minister of Works on the site for the new hospital which in my view has many advantages, and a call for plans should be made now and this should be open to Maltese architects.

11. Economic Development Council

I understand that most countries find an Economic Development Council at Ministerial level very useful and thought should be given to its institution here in Malta. The main functions of such a Council should be the shaping of the country's economic development plans.

I have only attempted to cover a few of the needs as I see them, and I have no doubt that there are many others clamouring for Ministers' attention.

I have no doubt that friendly discussions between Cabinet members will result not only in bringing out a concerted plan of action but also one which will be pursued with energy and determination.

22 August, 1966.