

MEMORANDUM FOR CABINETL-Arkivji Nazzjonali ta' Malta

Memorandum by the Hon. Minister of Trade, Industry and Agriculture  
on action to be taken as a result of devaluation.

Cost-of-Living

As a result of the devaluation and the consequent increase in prices on our imports, it is imperative that such increases be strictly controlled and that traders should be prevented from taking any undue advantage of the situation.

In order to ensure such a control, it is proposed to impose a "freeze" and the maximum wholesale and retail prices will be pegged at the level prevailing during the period 13th to the 17th November, 1967.

Naturally there will be a rise of prices whether the imports are effected from devalued or non devalued countries. In addition, commodities ordered and paid for before devaluation will bear the brunt of some increase as **customs** duties are levied at the rate of exchange applicable on the day when the goods are cleared from customs.

In order to check the anticipated spiral of prices, which would, in its turn, raise wages and start the usual vicious circle of rising costs, it is intended to allow increases only in those cases where the Ministry is satisfied that "c.i.f." cost plus duty has risen, and increases will only be authorised to cover such amount.

This implies that Government will be pegging profits as no return on the additional capital outlay involved will be allowed. This is essential if the increases in prices are to be limited to the direct effects of the devaluation.

In addition it is proposed to extend to all items the rule that importers and wholesalers shall give an invoice or receipted bill with every purchase showing the quantity sold, the sale price as well as the maximum price at which the commodity may be sold to the consumer while retailers shall be precluded from selling any commodity unless they are in possession of such invoice or bill.

This is the only way (1) we can check whether the price freeze is being maintained and (2) in bringing to book defaulters. Apart from all this, such a system of accounting is highly desirable in modern times and the occasion to implement these proposals should be welcomed.

Articles which fall within the ambit of the Department of Agriculture are excluded from the effects of the proposed legislation but the same line of action will be adopted by that Department in the administration of the regulations handled by it.

Hon. Ministers are requested to approve the foregoing proposals in order to enable me to issue the necessary legal notice to bring them into effect.

25 November, 1967

MTIA 1278/67

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