



PRIME MINISTER

THE PRIME MINISTER, MR WHITLAM, THIS EVENING RELEASED THE TEXT OF HIS LETTER TO MR JUSTICE WILLIAMS, CHAIRMAN OF THE PRICES JUSTIFICATION TRIBUNAL, REFERRED TO IN HIS STATEMENT ON THE ECONOMY.

THE TEXT OF THE LETTER IS ATTACHED.

CANBERRA

13 November 1974.



PRIME MINISTER

CANBERRA

12 NOV 1974

My dear Judge,

I am writing at this time to convey to you officially the concern with which the Government regards the present economic situation, particularly in relation to private investment and employment.

The Government is now undertaking a number of measures to deal with this situation, and I am this evening making a statement in Parliament on the subject. A copy of this statement is being sent to you for your information.

As you will see, I emphasise the complexity of the problems confronting us and the fact that rapid inflation is now accompanied by rising unemployment and a falling away in private investment on which economic growth and continued prosperity greatly depend. I also refer to the particular problem that, in considering new investment projects, businesses are concerned about the prospects of maintaining worthwhile returns, not just in the immediate future, but over the whole life of the investment concerned, subject to normal market risks.

I therefore undertook to write to you indicating the Government's view that, in the present economic circumstances, the Prices Justification Tribunal should give particular attention to the problems of sustaining and stimulating an adequate level of private investment and of maintaining rates of return on capital which will induce the new investment required to maintain economic growth and employment.

The comments that I have made are not intended in any way to reflect on the manner in which the Tribunal is carrying out its statutory responsibilities. Indeed, the Government has confidence in the Tribunal's judgement and responsiveness to the changing economic situation in

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considering particular prices or price increases, and has no intention of changing its basic functions. In particular, the Government appreciates that the Tribunal has played an important part in curbing inflation and there can be no doubt that it has been successful in restraining prices below the level that would otherwise have applied.

While, therefore, it is desirable to make clear the importance that the Government attaches to investment and employment matters, it is of course intended that the Tribunal should continue to act, in accordance with its statutory responsibilities, to ensure that prices are not set at levels which are higher than are properly justifiable and that companies are not passing on in prices avoidable increases in costs.

Yours sincerely,

(SGD) E. G. WHITLAM.

E. G. WHITLAM

The Hon. Mr. Justice L. H. Williams,
Chairman,
Prices Justification Tribunal,
10 Queens Road,
MELBOURNE. VIC. 3004