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Prime Minister

ANNUAL REVIEW OF SPECIAL EMPLOYMENT MEASURES

Unfortunately I shall not be able to attend tomorrow's 'E' meeting and should like you to be aware of my views on this issue.

As you know I share your deep concern at the present level of unemployment but remain very concerned about the outlook. With the prospects for the economic recovery now looking worse than at the time of the Budget, it seems most improbable that we shall see any sustained fall in the unemployment total during 1983. At best the total may stabilise around $3\frac{1}{2}$ million, but we could well face a continuing steady increase. The political consequences are worrying and the social consequences are clearly appalling.

The position in Northern Ireland is grave, with unemployment already over 20 per cent, which is equivalent in UK terms to an overall total of about 5 million unemployed. In some parts of the Province the male unemployment rate is now about 40 per cent. There is every prospect of further job losses, while the prospects of attracting inward investment on a significant scale could scarcely be described as encouraging. We also have to contend with a growing labour force which is making an uphill struggle all the more difficult.

Because of the scale of the unemployment problem nationally, and because of its severity in Northern Ireland, I am disappointed that Norman has not felt able to propose a more ambitious approach in his annual review of the special employment measures. I appreciate, of course, the very large sums already committed to the existing programmes and to the new Youth Training Scheme, but an expansion of such measures is a more cost-effective, selective and quicker way of helping alleviate the worst problems of unemployment than general tax cuts or reducing the national insurance surcharge.

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I have some doubts about the proposed initiative on part-time working. Employers are unlikely to take advantage of it unless the unions are content, and also in view of some of the practical problems likely to be involved, wonder if criticism which the scheme may encounter could outweigh the potential benefits.

I note also that there should soon be agreement on the details of the scheme for the long-term unemployed announced in the Budget, and I hope that Norman will be able to give colleagues an idea of the numbers likely to be helped and how this will operate compared, say, with the existing CEP.

I feel that we should be considering whether there are any other possible new initiatives which could help the long-term unemployed. And I would certainly favour an expansion of the Job Release Scheme by reducing the age limit to 60 for men. I believe this is the most sociably and economically acceptable of all our schemes. There could also be an urgent examination of the ways in which initiatives in other policy areas (eg inner city programmes, training measures, industrial and regional policies) might be targetted to help those, whatever their age, who have experienced a long spell without any work.

A handwritten signature in blue ink, appearing to read "James Prior".

PP JAMES PRIOR
(Signed on behalf of the
Secretary of State in
his absence)

19 July 1982