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10 DOWNING STREET

THE PRIME MINISTER

22 September 1981

Dear Michael,

Thank you for your letter of 22 September.

Naturally we are very concerned about the numbers of the unemployed. This is why we announced just before the Recess measures with a gross cost of around £ $\frac{3}{4}$  billion next year. These will help young people in particular. And while, as you say, the figures are still rising, the rate of increase has slowed down.

You refer to other signals. It would be unwise to rely on one single indicator or combination of indicators for any one or two months taken in isolation. We remain determined to reduce inflation and restore competitiveness and improve productivity, on a sustainable basis. The inflation figure for August is up but still remains half of what it was a year ago, and most outside forecasters are looking forward like ourselves to a long-term continuation of a downward trend. There are clear signs that output has stopped falling and may now be starting to recover.

The House discussed the Government's economic policies very fully just before the Recess, and in the circumstances I see no justification for recalling Parliament now to debate them again.

Yours sincerely  
Margaret Thatcher

The Rt. Hon. Michael Foot, M.P.

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