

1. The creation of more jobs depends on keeping up our efforts to make ourselves fully competitive in world markets. The scale of present unemployment is a measure of the task. There are no short cuts.

2. But we are fully committed to helping the unemployed through the special employment measures. These are currently assisting over 800,000 people at a cost of £1 billion this year.

3. We intend to develop these programmes so that they respond to changing circumstances - and not only help people through a difficult time but do so wherever possible in a way which will provide lasting benefit to the economy.

4. The Government will continue to give special help to the young. There is evidence from many areas of an increase in applications to stay on in school or college. It is clearly of the greatest benefit if young people do choose to follow appropriate courses, many of ^avocational nature, and in many cases to obtain qualifications that will assist them to secure jobs and improve the quality of the labour force. The Government accordingly intends to provide an additional £60 million in 1982/83 for this purpose. We hope that as many as 50,000 more young people will stay on in school or college as a result.

5. The Government believes however that more needs to be done to help school leavers into jobs. Because the wages of young people are often high in relation to adult wages employers are reluctant to take them on. This has come about because of unrealistic wage bargaining over the years. It contrasts with the situation in Germany where the wages of young people are much lower relative to those of adults.

6. We hope that trade unions and employers will take this into account in their bargaining in the future. The Government for its part has decided to provide some encouragement to employers to take on more young people at realistic wage levels. We propose to introduce a new scheme under which employers will be offered a weekly payment for all young employees provided they are in their first year of work and provided their earnings are below a certain level. Details of the scheme will be announced shortly with a view to its introduction early in 1982.

7. But we must also continue to provide for those who leave school for work and fail to find it. We have already announced that we are providing an extra £10 million this year and £11 million next for the support of longer term skilled training of young people.

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8. We also stand by the guarantees announced by my rt. hon. Friend the Secretary of State for Employment last November. First, every unemployed school leaver this year will be offered a place at a Youth Opportunities Programme by Christmas. And second, any other young person who remains unemployed for more than three months will be offered a place within three months. Because unemployment is higher than we had expected, my rt. hon. Friend has today informed the Manpower Services Commission that we are prepared to provide the necessary resources to enable around another 100,000 young people to be taken on the Programme this year compared with the 440,000 originally planned.

9. This is what is immediately required. But we must look further ahead. We are giving further consideration to the provision of an improved training scheme for the young which would eventually replace the Youth Opportunities Programme. Our aim is in due course to get to the position where all young people on leaving school either move into further education, find a job or are given the opportunity of vocational training or community service. In doing this we will not only help the individual but strengthen our economy through the provision of a better trained workforce.

10. The basic questions about the provision of such a new training scheme have been open to consultation in the document "A New Training Initiative" published by the MSC last May with full Government backing; and we shall develop proposals for a new scheme in the light of the responses to that document. My rt. hon. Friend will make a further announcement in due course. In the meantime, I confirm that the existing guarantees under the Youth Opportunities Programme will be honoured next year as well as this and that we shall continue to improve the quality of the Programme by more off the job training and by increasing the length of stay on the Programme.

11. At the other end of the age range, exceptionally large numbers of people will be reaching normal retirement age in the mid-1980s. By bringing forward that peak of retirements we can release jobs to people who are at present

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unemployed. The age for the Job Release Scheme will therefore be lowered from 64 to 63 this November and to 62 from February next year until March 1984. This will be additional to the announcement made by my rt. hon. Friend the Secretary of State for Social Services last week, whereby from November those aged 60 and over who are unemployed and have been drawing supplementary benefit for a year or more will be able to retire on the higher long-term rate of supplementary benefit.

12. I also believe we should immediately develop further opportunities for voluntary service for unemployed people. The Government has therefore decided to provide additional funds for this purpose.

13. First, subject to consultation with the MSC, we will provide a further £4 million this year and £8 million in 1982/83 for voluntary work in connection with the Community Enterprise Programme.

14. Secondly, there are also opportunities in social service and health. Community support for the handicapped and elderly depends on a wide range of voluntary services as well as statutory provision. Some of those who are unemployed would welcome more opportunities to participate, of their free choice, in this form of voluntary activity.

15. My rt. hon. Friend the Secretary of State for Social Services will be discussing with the voluntary sector and other interests arrangements which will expand these opportunities. An additional £4 million will be available to the Department of Health and Social Security for this purpose in 1982/83.

16. The Government will also be examining, in the course of its forthcoming review of public expenditure, the scope for increasing the emphasis on capital spending. The more we spend on capital and the less on pay, the better it will be for jobs.

17. The details of the new scheme to encourage employers to take on young people and the provision needed for the Youth Opportunities Programme next year will be announced later. The cost of the other measures will amount to some £150 million in the current financial year and are currently estimated at £370 million in 1982/83. For 1981/82, these amounts will be met from the Contingency Reserve, within the planned total for public expenditure. For 1982/83, they will be taken into account in the forthcoming review of public expenditure. These are gross costs which will be partly offset by lower social security payments and higher tax receipts and by support from the European Social Fund.