

A. Lloyd

Prime Minister

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PRIME MINISTER

Agreed

Mr Price is less than happy about the Treasury study, and complains - reasonably enough I suppose in view of the original remit - that he was not consulted. However, he is content for the CARS to undertake a study. I don't think a reply is needed.

LONG TERM UNEMPLOYMENT AND THE YOUNG

I have seen a copy of the Chancellor's minute of 5 December on this subject and of your private secretary's letter of 8 December.

I must say I am very surprised that the Treasury should have produced their note without any consultation with those responsible for these matters. The remit to the Chancellor, conveyed in your private secretary's letter of 5 November, was to undertake an imaginative examination of the possibilities in consultation with myself and Patrick Jenkin. There has been no such consultation.

Nor does the result carry us any further forward. More co-ordination, better publicity and an assessment of compulsory national service - when we have always ruled out compulsion, and rightly so in my view - are not going to help the unemployed, let alone meet the original remit.

So far as the young unemployed are concerned, I have of course recently announced the main thrust of our policies for 1981-82 and put the expansion of YOP in the context of our longer term aims to develop preparation for and training in work of all young people. We shall need to keep a careful eye on the side effects of the large expansion of YOP, but I do not at all share the apprehensions set out in the Treasury note about its diminishing returns. Indeed, with increased emphasis on the training content and the development of individuals through progressive courses, it constitutes the best investment in the young unemployed for the future development of the labour market that has yet been identified.

Furthermore, I think we have better co-ordination than the report allows. The list of existing schemes and proposals in paragraphs 28-29 of the Treasury paper clearly shows the responsibility for most of them rests with me and the MSC and with Patrick Jenkin on benefit questions. The inter-relationships are well recognised. We have already remitted

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to the inter-departmental Manpower Group (the body normally charged with work on special employment measures) the handling of the new initiative on industrial training and the bringing together of current work on improving links between training and education, with a request that they also take account of proposals for financial support for 16-18 year olds. In that context we shall be considering soon a draft White Paper intended to set the industrial training legislation in the context of all our relevant efforts, particularly for the young.

I do nonetheless welcome the idea of study by the CPRS, provided they are given a remit enabling them to do a useful job. I do not think that they should spend much (if any) time on ideas of compulsory national service. Nor do I think we should exaggerate the scope for further study of incentives for young people to work (bearing in mind that supplementary benefit for 16 and 17 year olds is only half the average level of wages in the lowest decile of earnings in the age group). I agree that they should concentrate on the young, but I should like them to feel free also to float any new ideas for lessening the problem of long term adult unemployment, about which the Treasury note has nothing to say, and to do so in relation to the scale and nature of the problems that we shall evidently face over the next 18 months or more. They should take account of and not duplicate what is already being done and developed and be invited to come up with any new ideas at all that they think would help, even though they may have a net cost. On that basis I would strongly support their undertaking a study as quickly as can be managed.

I am sending copies of this minute to the Home Secretary, the Chancellor, the Secretary of State for Defence, and the Secretaries of State for Health and Social Security, Education and Science, and for Scotland and Wales; and to Sir Robert Armstrong and Robin Ibbs.

JP

December 1980