

PRIME MINISTER

cc: Mr Wolfson  
Mr Hoskyns

Future Unemployment Figures

*mk*

Having read the note which Nick commissioned on the unemployment outlook, you said this morning that you would like to reconsider the possibilities for ensuring that 16 - 18 year olds either stay in school or obtained some formal training in the event of their being unable to find a job. You had in mind our setting up a meeting with Mr Prior, Sir Keith Joseph, the Chancellor and Mr Carlisle.

Before doing this, I thought I should remind you of the lengthy discussions which took place on this issue and the related issue of the Young Persons Benefit earlier this year. I attach the minutes of the E meeting which you chaired in February at which it was agreed improvements in industrial training should be made on the basis of a voluntary, rather than a mandatory, approach (Flag A). At Flag B are the minutes of the E meeting which the Chancellor chaired in March at which it was agreed that the Young Persons Benefit should not be introduced at the moment, though it might be considered again in the autumn. At that same meeting, Mr Jenkin was asked to consider, before the next benefit upratings, the possibility of lowering the rates of supplementary benefit and of unemployment benefit for those under 18. (If a mandatory approach is ruled out, then it would be essential to improve the incentives to young people to stay in school or take training: there was no immediate disposition on the part of the Committee to go along with this route because, unless extra money were available, it would mean taking money away from the unemployed. There was a general feeling that this would be politically impossible at the present time.)

There is, of course, no reason why we should not reconsider all this. But apart from the arguments which have already been fully voiced in E Committee, I doubt very much whether it would be possible to make the necessary changes in time to affect the unemployment figures for July.

Would you like to have a discussion nonetheless?

*Yes - 1  
not*

*remember the discussion - but think we*

27 April, 1981

*would all have liked  
something more fundamental.*

*π*