



PRIVY COUNCIL OFFICE
WHITEHALL, LONDON SW1A 2AT

2 April 1985

Dear Sir

I attach background notes on "Enterprise and Jobs" and "Education and Training for Young People". I hope you and other colleagues on the Economic and Social Group will be able to give them a wide circulation among your group of MPs so that they can make good use of them in presenting the Government's policies.

Gordon
Liddell

The Rt Hon Leon Brittan QC MP

BACKGROUND NOTE

ENTERPRISE AND JOBS

Every serious minded person in Britain has long been concerned about unemployment. No party has a monopoly of that concern. But some claim to have a monopoly of rapid solutions to it. There aren't any.

If there were a quick fix to unemployment this Government would have applied it - instantly. Instead, facing up to reality, it is implementing a considered and deliberate programme to restore our economy and lost jobs on a lasting basis.

But first why have we got unacceptably high unemployment?

Well, unemployment is a blot on Europe as a whole and not simply on Britain. It has arisen from a combination of five factors:

1. - the deepest world recession since the war
2. - the decline in traditional industries combined, in our case, with a need to tackle serious overmanning which for too long hampered our ability to compete in world markets
3. - the advent of new technology which has historically caused great shifts in the pattern of employment - and may initially lead to more unemployment before a greater number of entirely new jobs
4. - a brisk rise in real pay which has meant too much of the benefit of recovery since 1981 going into the pockets of those at work and not enough into new jobs for those without work

5. - the inability of our economy to provide enough new jobs in these circumstances to cope with a great increase in the working population as the baby boom of the 1960s became a 1980s surge in the numbers of youngsters seeking work.

Against this background the Government has recognised that it alone cannot create jobs. The real job creators are the businesses which supply goods and services which customers at home and abroad want to buy.

But the Government can help the process of job creation by cultivating an innovative, enterprising and go-getting society.

And it is doing just this with a six-pronged action programme:

First: the Government is determined to keep on top of inflation and drive it down. Otherwise our industry and commerce will just lose out against competitors abroad - and also against them in our home market. Containing inflation is the prime condition for expansion. It demands from Government a tight hold on public borrowing and monetary growth.

Second: the Government is not merely trying to ease the problems of transition in our economy by job creation through, for example, the Community Programme; it is also devoting ever greater resources - well over £2,000 million at the last count - to the effective training of our young people. It aims to ensure unemployment shall not be an option for youngsters up to the age of 18 - for them it will be either a job, or full-time education or training for a job. It is also making

money available to increase the number of students in engineering and technology where, in spite of the level of unemployment, there is a shortage of skilled people. And it is also raising standards in our schools.

Third: the Government is trying to promote an environment for enterprise by encouraging people to go into business on their own account and then to make it easier and less burdensome to employ others. This ranges from simplifying the system of Government aid available to would-be businessmen; easing - and where possible eliminating - the burden of Government regulation and form-filling on them; to reducing or eliminating the obstacles in their way of taking on employees - for example, Wages Council controls which mean high pay rates for youngsters as compared with experienced adults.

Fourth: the Government is encouraging everyone to acquire a stake in Britain - whether by buying their own home or by buying shares in their firms. Already there has been a massive extension of home ownership under this Government, and the British Telecom shares flotation was taken up by no fewer than 2m British citizens. These new home- and share-owners have a new commitment to Britain and its success.

Fifth: the Government is encouraging those without a job to find one because they will get more by working than by remaining unemployed. This is being done by raising the level of earnings at which people begin to pay tax - ie by raising the tax threshold - and by reducing National Insurance contributions made by those earning less than £90 a week. Similarly, it is encouraging employers to take on more workers by reducing the cost of employing.

them at the lower end of the pay scales.

Sixth: the Government is creating a climate which is encouraging businessmen to invest in the future. And investment is running at a record level: something like £55,000 million last year, counting public and private sector together. High investment is a vote of confidence in Britain and - provided the goods and services leading to that investment are supplied by competitive British firms - it means more jobs in Britain.

All this shows that this Government cares about the unemployed. But it cares in a well thought out, practical way. Its objective is not a flash-in-the-pan reduction in unemployment, but a steady expansion of our economy. We are about to enter the fifth continuous year of growth. This is the best route to rising numbers of real, lasting jobs. And the number of new jobs is increasing.

But having said all that, it is clear that the Government's role in creating new jobs is still limited. It is people who go into business who create the actual jobs. That being so, there is fundamentally only one thing that a responsible Government can do for the unemployed: to do its darndest to create the economic, financial and regulatory climate in which people see it eminently worth their while to go into business and employ people.

This Government is doing that - and more - to help the unemployed. And it is convinced that slowly, steadily but surely it will succeed.

WHITE PAPER ON 'EDUCATION AND TRAINING FOR YOUNG PEOPLE' SPEAKING NOTE

1 THE WHITE PAPER, PUBLISHED ON 3 APRIL 1985, SETS OUT A PLAN FOR ACTION IN RESPECT OF WORK-RELATED EDUCATION AND TRAINING FOR YOUNG PEOPLE OF 14 TO 18. THE PLAN WILL LEAD FOR THE FIRST TIME TO A COHERENT STRUCTURE OF VOCATIONAL PREPARATION FOR YOUNG PEOPLE. IT WILL LAY THE FOUNDATIONS FOR A MORE HIGHLY SKILLED AND ADAPTABLE WORKFORCE CAPABLE OF MEETING THE REQUIREMENTS OF A MODERN ECONOMY. THE PROPOSALS COMPLEMENT THOSE SET OUT FOR ENGLAND AND WALES IN THE WHITE PAPER 'BETTER SCHOOLS' TO IMPROVE THE CONTRIBUTION WHICH SCHOOLS MAKE TO PREPARATION FOR WORKING LIFE.

2 THE WHITE PAPER PROPOSES THREE INITIATIVES:

- A PROGRAMME OF IN-SERVICE TEACHER TRAINING COSTING £25 MILLION OVER TWO YEARS TO HELP REINFORCE AND DISSEMINATE THE LESSONS OF THE TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE IN SCHOOLS
- DEVELOPMENT OF THE YOUTH TRAINING SCHEME, AT AN ADDITIONAL COST OF £125 MILLION IN 1986/87 AND £300 MILLION IN 1987/88, TO PROVIDE A TWO YEAR TRAINING SCHEME LEADING TO RECOGNISED QUALIFICATIONS
- A REVIEW OF VOCATIONAL QUALIFICATIONS IN ENGLAND AND WALES TO PROVIDE A MORE RELEVANT AND COHERENT SYSTEM.

3 THE GOVERNMENT HAS ALREADY TAKEN ACTION ON A SUBSTANTIAL SCALE TO EQUIP YOUNG PEOPLE WITH THE SKILLS THEY WILL NEED FOR THE WORLD OF WORK. IN SCHOOLS IN ENGLAND AND WALES, THE NEW GCSE EXAMINATION WILL PLACE MORE EMPHASIS ON PRACTICAL

COMPETENCE AND PROBLEM SOLVING, WHILE THE CERTIFICATE OF PRE-VOCATIONAL EDUCATION (CPVE) WILL PROVIDE COURSES WITH A STRONG VOCATIONAL BIAS FOR THOSE STAYING ON AT SCHOOL FOR ONE YEAR AFTER 16. IN SCOTLAND, COURSES FOR 14 TO 18 YEAR OLDS ARE ALSO BEING REVISED TO PLACE MORE EMPHASIS ON PROBLEM-SOLVING, PRACTICAL SKILLS AND FLEXIBLE PROGRESSION TOWARDS WORK OR HIGHER EDUCATION. THE TECHNICAL AND VOCATIONAL EDUCATION INITIATIVE, LAUNCHED BY THE GOVERNMENT IN 1982, HAS STIMULATED THE DEVELOPMENT OF A MORE RELEVANT CURRICULUM AND CLOSER COLLABORATION BETWEEN EDUCATION AND INDUSTRY. IN TRAINING, THE YOUTH TRAINING SCHEME, LAUNCHED IN 1983, HAS CATERED FOR OVER 700,000 YOUNG SCHOOL LEAVERS SO FAR. OVER 60 PER CENT OF TRAINEES ARE MOVING INTO JOBS.

4 INTERNATIONAL COMPARISONS HIGHLIGHT HOWEVER THE GAP THAT REMAINS TO BE FILLED. OUR ECONOMY SUFFERS RELATIVE TO THAT OF OUR LEADING COMPETITORS BECAUSE

- BRITAIN IS THE ONLY ONE OF THESE COUNTRIES IN WHICH THE MAJORITY OF 16 YEAR OLDS TRY TO ENTER THE LABOUR MARKET
- BRITISH EMPLOYERS THEREFORE HAVE TO RECRUIT FROM YOUNG PEOPLE WITH LESS FULL-TIME EDUCATION AND FEWER VOCATIONAL QUALIFICATIONS
- EMPLOYERS IN ALL OUR MAJOR COMPETITOR COUNTRIES MAKE A SIGNIFICANTLY LARGER CONTRIBUTION TO VOCATIONAL EDUCATION AND TRAINING.

5 THE PROGRAMME OF ACTION PROPOSED IN THE WHITE PAPER WILL MEAN THAT, WHEN ALL INITIATIVES ARE UNDER WAY

- A SUBSTANTIAL PROPORTION OF PUPILS IN FULL-TIME EDUCATION WILL BE RECEIVING TECHNICAL AND VOCATIONAL EDUCATION AS PART OF A BROAD AND BALANCED CURRICULUM WITH A PRACTICAL BIAS
- ALL 16 YEAR OLDS WILL HAVE THE OPTION OF TWO YEARS OF WORK-RELATED TRAINING (ONE YEAR FOR 17 YEAR OLDS) LEADING TO RECOGNISED VOCATIONAL QUALIFICATIONS
- THERE WILL BE A GREATLY INCREASED FLOW OF QUALIFIED YOUNG WORKERS COMING INTO THE LABOUR MARKET
- THERE WILL BE A MORE COHERENT RANGE OF VOCATIONAL QUALIFICATIONS AVAILABLE TO YOUNG PEOPLE WHICH ARE MORE RELEVANT TO THEIR REQUIREMENTS AND THOSE OF EMPLOYERS.

6 ONCE THE NEW TRAINING SCHEME HAS BEEN FULLY LAUNCHED, IT WILL MEAN THAT NO-ONE BETWEEN THE AGES OF 16 AND 18 NEED BE INACTIVE; ANYONE NOT IN EMPLOYMENT OR IN FULL-TIME EDUCATION WILL BE ABLE TO BENEFIT FROM WORK-RELATED TRAINING.

7 THE GOVERNMENT RECOGNISES THE EXTENT TO WHICH ACHIEVEMENTS IN WORK-RELATED EDUCATION AND TRAINING REST ON THE SUPPORT OF EMPLOYERS, TRADE UNIONS, LOCAL EDUCATION AUTHORITIES, SCHOOLS, COLLEGES AND OTHERS. IT LOOKS TO ALL THESE GROUPS FOR COMMITMENT TO ACHIEVING THE PROGRAMME OUTLINED IN THE WHITE PAPER.