

PRIME MINISTER

6 November 1985

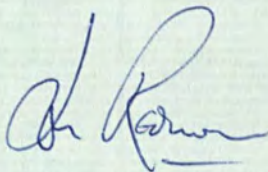
JOBS

You need another package of measures to ensure some decline in the unemployment figures. Public opinion believes Government can and should do more. People favour training-based schemes, and are prepared to listen to arguments about the bogus benefit claimants and the disincentives to work built into the present benefit system.

Alan Walters and I favour cheap schemes which help lower the costs of labour or improve skills (YTS, CP etc). We also strongly recommend the 'Guarantee' for the long-term unemployed. This will help the genuinely unemployed whilst revealing the black economy practitioners.

I am less in favour of the Loan Guarantee Scheme. Small businesses need equity, not debt, and the previous experience was costly and disappointing.

All told the package is a good one. Something like it is much needed.



JOHN REDWOOD