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// B/f ~~transmission~~ please

23 July 1986

Dear David,

As requested in your letter of 11 July, I am enclosing a brief for the Prime Minister's meeting with Ralph Howell MP on 25 July.

Yours sincerely
Caroline Slocock

Caroline Slocock
Private Secretary

BRIEF FOR PRIME MINISTER'S MEETING WITH RALPH HOWELL, MP
WORKFARE/RESTART

1. Workfare (as practised in the USA) has two aims:

- (i) to put the unemployed to work
- (ii) to weed out those who are not genuinely unemployed.

2. (i) Putting the unemployed to work on a comprehensive basis would be a very costly and open-ended commitment ("the state as employer of last resort"). It could create "workfare dependency" among the hardest to employ and draw unemployed people into a permanent state scheme when they would otherwise have stood a good chance of finding normal employment.

3. (ii) Weeding out those who are not genuinely unemployed can be achieved more effectively and cheaply by measures such as Restart.

4. Restart is compulsory and comprehensive. Unlike Workfare in the USA (which on average covers fewer than 10% of welfare recipients), Restart will cover all the 12 month plus unemployed (some 1.5m) by next March. All of them will be required to attend an interview at which they can be offered jobs or retraining and have their availability for work tested. They are liable to lose their benefit

- (a) if they fail to attend the interview
- (b) if they are found not to be available for work
- (c) if they refuse the offer of a job or training.

5. Results of Restart Pilots:

- MSC had contacted 34,075 people by 11 July (week 27).
7,305 of these (21.4%) subsequently left unemployment count.
Estimate that about half of these (ie about 10% of those contacted) left because of Restart.
- Estimate that if Restart had been running nationally since January, an extra 85,000 long term unemployed would have left count by now.
- Between December 1985 and May 1986, number of long term unemployed as proportion of total unemployed fell in pilot areas (by 0.8% points), while it rose slightly in GB as a whole (by 0.1% points).

6. First results of national Restart:

- too early to give overall picture but success in detecting people not genuinely unemployed in the South East is already striking eg the following benefit referrals for failure to attend interview after only 5-6 weeks:

Stockwell	343 referrals	24%
Balham	242 "	23%
Deptford	351 "	18%
Hammersmith/Hayes	152 "	12%

inadequate, we will have to introduce fresh law. In many cases, the present law is adequate. The problem is how to deal with people who accept all the advantages and benefits of a free society but refuse to rise to their responsibilities. We shall have to look afresh at this whole question.

Mr. Canavan asked the Prime Minister if she will list her official engagements for Thursday 5 June.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Canavan: When the Prime Minister got carried away yesterday with her own empty rhetoric about her vision of a little bit of heaven on earth for everybody, did she forget that we have over 4 million people unemployed, that over 7 million people are living at the official poverty level, that over 1.5 million people are waiting for houses, and that over 750,000 people are waiting to go into hospital? Will the Prime Minister return to the real world and realise that instead of a heaven on earth in Britain today, the reality of Thatcherism means a living hell?

The Prime Minister: The phrase "heaven on earth" came from Mrs. Eleanor Bonner when she was contrasting life in a free society, which is heaven on earth, with life in the socialist society of Soviet Russia from which she came. She found that heaven on earth was being able to own one's own home and get operations in the West which she could not get in the Soviet Union.

Mr. Ralph Howell: Bearing in mind the widespread reports that my right hon. Friend was highly impressed by the recent "Panorama" programme about workfare schemes in the United States, will she now set up a pilot workfare scheme with a view to a nation-wide workfare scheme for all able-bodied and long-term unemployed? Does she realise that such a scheme would make life difficult for hippy convoys, would make it difficult for those foreign visitors who can claim £78 a week as soon as they report into a hotel in Britain, and would generally stop abuse of the welfare system?

The Prime Minister: I know how keen my hon. Friend is on that. We are looking into the way in which workfare operates in the United States. We are finding that some of the things that we have, such as the community programme and jobstart, would rank as workfare schemes in the United States. As my hon. Friend knows, some of those schemes are being extended. I am only too delighted to do anything I can to make life difficult for such things as hippy convoys.

Mr. Kinnock: On reflection, does not the Prime Minister think that she was wrong to use the words of a very courageous woman, Mrs. Bonner, for the partisan purposes for which she sought to use them yesterday? Does she recall saying that her policy starts with the family, its freedom and well-being? Is there not a huge inconsistency between those words and her deeds over seven years of government which have inflicted unemployment on an extra 2 million people, poverty on an extra 4 million people and bad housing and inadequate education on millions more? What about their freedom and their well-being, or does she not think that they belong to families?

The Prime Minister: Mrs. Bonner used those words in contrasting the benefits of a free society with the

benefits of a socialist society of the kind in which Mr. Bonner lives. Housing is much better under the Government than it was under Labour; so are the health services; so is the standard of living. That is the right hon. Gentleman's problem. We are doing far better than his Government did.

Mr. Kinnock: The Prime Minister compounds her dishonesty and only demonstrates—[Interruption.]

Mr. Speaker: Order. Will the right hon. Gentleman please rephrase that question?

Mr. Kinnock: The right hon. Lady compounds the distorted use of words when she gives the impression that there are only two alternatives in this world—the Soviet society and her society—although she knows perfectly well that there are decent democratic alternatives to both kinds of society. If the Prime Minister really believes that housing is better under the Conservatives, how does she explain the worst record for housing starts in this country at any time since before the second world war?

The Prime Minister: On housing, 1.3 million new homes have been built in Great Britain since 1979. 900,000 public sector council houses and flats have been sold to their tenants; home ownership is up to 62 per cent. and 55 per cent. of blue collar workers own their homes compared with 40 per cent. in 1979 under the Labour Government.

Sir Peter Emery: Does my right hon. Friend realise that the answer that she gave earlier to my hon. Friend the Member for Wells (Mr. Heathcoat-Amory) is not as satisfactory as some of us would like? Will she give positive assurance to the farming community that the Government will ensure that by this time next year there is legislation to make certain that innocent people cannot have their lives ruined, that the farming community cannot lose out, and that in fact positive steps will be taken to ensure that vagrant hippies cannot invade in the way that they have invaded during the past few months?

The Prime Minister: I make it perfectly clear to my hon. Friend that if fresh legislation on criminal trespass is needed to deter hippies, it will be introduced.

Q4. Mr. Straw asked the Prime Minister if she will list her official engagements for Thursday 5 June.

The Prime Minister: I refer the hon. Gentleman to the reply that I gave some moments ago.

Mr. Straw: When the Prime Minister said yesterday that it was no coincidence that the countries with lower taxes produce more jobs and have lower unemployment was she deluding herself or just the gullible ladies of the Conservative women's conference? Is she not aware that Turkey has the lowest tax take of any OECD country but unemployment as high as ours, and that of 10 countries with higher tax takes than ours, nine have lower levels of unemployment? Is not the real lesson from these international figures that sensible public spending produces jobs while her policies destroy jobs?

The Prime Minister: The hon. Gentleman is speaking nonsense. As he knows full well, there are far more jobs and there is far less unemployment in the United States where personal taxation is a great deal lower and where a Bill that is now before the equivalent of this Chamber in the United States is proposing to make the top tax limit in