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will request if required

COST EFFECTIVENESS OF PUBLIC EXPENDITURE MEASURES RELATED TO EMPLOYMENT

Your letter of 8 August suggested that proposals for new or expanded programmes with a main or subsidiary aim relating to employment or unemployment should be assessed on the basis recently agreed by the Inter-Departmental Manpower Group.

I would agree with this. We have a long history of evaluation of manpower programmes in the DE (and the MSC), and the supply performance effects of programmes in the medium and long-run are an important aspect of their effectiveness.

Obviously, the degree to which programmes can be compared is limited, especially for programmes with widely different objectives: the Manpower Group Sub-Group recognised this. Nevertheless, the Group's framework will be a valuable aid to our judgements in this area, and I hope we can all accept it.

You cited one of our programmes, the Enterprise Allowance Scheme, as an example. Anyone wishing to discuss the technical aspects of this evaluation or other DE schemes should contact Mrs Zmira Hornstein, Head of Economics Branch here.

Copies go to the Prime Minister, other members of the Cabinet and Sir Robert Armstrong.

John MacGregor

