

It is very disappointing. Prime Minister 1

We are delaying an important change.

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Content that consideration of changes in the availability rules should be left until we have the CPRS study? Mr Fowler sees a number of difficulties in implementing the Rayner proposals at this point, and would prefer to take a more radical look at it when the CPRS reports.

Your private secretary wrote to mine on 24 May, seeking further justification of my proposal not to make changes in the availability conditions as part of the regulation changes associated with "voluntary registration".

The Policy Unit do not agree with Mr's approach.

As I explained, the Rayner proposals themselves were not acceptable: they would have been more difficult to operate, not easier; and they could have allowed some people to get benefit who might well have been ineligible under the current rules.

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The alternatives we devised would in all essentials have reflected current practice, and would certainly have added little to the existing effects of labour market realities, and the substantial reductions in unemployment benefit. Thus they appeared to offer no significant gain to set against a number of disadvantages:

1. Even as changes which were largely presentational, in such a sensitive area they would inevitably arouse deep suspicion; and in allaying those suspicions we would merely stir up criticism in other quarters.
2. To the extent that they would convincingly be seen as making any substantive change at all, it would be by appearing to force the more skilled or managerial unemployed to 'drop their sights' after only three months. This could arouse hostility among our own supporters; and, if the effects turned out to be real rather than apparent, would not in fact be sensible (because there is some evidence that when such people take lower grade work too early, it tells against them when trying for something more suitable).
3. There would be a contrary risk that formalising the three month criteria would have encouraged everyone to believe that they had this breathing space before

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widening their job search.

4. Perhaps most important of all, such changes could get in the way of implementing more radical changes if viable proposals emerge from the current CPRS study and associated work, both because we would be probed on future intentions and because it could subsequently be argued that time should be given to judge their effect.

Other colleagues who responded to my proposals have indicated their willingness to accept that we should leave things as they are on availability at this stage (although Norman Tebbit has raised a separate point on seasonal workers which I shall be following up with him).

I hope that in the light of what I have said, you will be content to proceed without changing the availability rules, on the understanding that they will be picked up again for consideration when we have the CPRS study.

27 May 1982


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