

Home Secretary
Chancellor
S/S Industry
S/S Employment
S/S Health and SS

PRIME MINISTER

Unemployment/Minford/Smith

The papers before the meeting are the extracts from the CPRS and Minford reports attached to my letter at Flag A.

Minford/Smith proposes:

- (1) a cap of unemployment etc. benefits
- (2) workfare
- (3) raising tax thresholds by 40% and child benefits by £2.15 per child
- (4) abolition of means-tested benefits-in-kind and their replacement by a more generous FIS
- (5) end of the closed shop and restoration of common law to all union actions
- (6) establishment of a Labour Monopolies Commission
- (7) abolition of Wages Councils, decontrol of rents and introduction of regional employment subsidy.

On the cap Norman Tebbit argued against it and Alan Walters and Ferdie Mount accept that this proposal should be dropped until after the election. I think that it would be very dangerous to decide tomorrow either to postpone until after the election or, without commitment, to consider the idea further; this will lead to a CPRS Report situation, in which the decision will leak and you will get all the criticism without the benefit of going ahead with the idea. I suggest you either decide to go ahead; or that I am told to write a letter killing the idea (and what is in your mind for after the election is in your mind).

/ On workfare

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On workfare see Ferdie's comments at Flag B. Is this not the way forward?

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On tax thresholds, you are already acting, with the Chancellor.

On abolition of means-tested benefits-in-kind and FIS should not Mr. Fowler be asked to work up a set of proposals taking account of Ferdie's second-tier CB point (Flag C) and the CPRS proposals (Flag D).

On the closed shop, union law, and Labour Monopolies Commission, do not the same considerations apply as for the unemployment benefit cap and shouldn't you take the same decision?

This will probably be enough for tomorrow's meeting. But there is still the CPRS checklist, with its points on employment measures, flexible wages etc. (Flag E) to cover. A separate and slightly larger meeting, later, on these, with John Sparrow?

Will you wish also to mention tomorrow your ideas about military training for young unemployed?

MUS

13 October 1982