

PRIME MINISTER

Unemployment

I promised to re-submit these papers to you.

You will recall that they spring from the CPRS/Minford studies summarised at Flag A. At your meeting on 14 October you commissioned work in the Department of Employment and in DHSS and the Treasury (my letters at Flag B). The Treasury's contribution - which was to eliminate unnecessary restrictions from the rules governing the Business Start-up Scheme, to devise a programme of changes in company taxation, national insurance and regional incentives designed to reduce capital subsidies and labour taxes, institute a regional employment subsidy, increase tax thresholds by 40%, and revise public expenditure proceedings to take more account of employment objectives - is promised in a few days time.

Mr. Tebbit's and Mr. Fowler's minutes (Flag C) cover all the matters which your meeting instructed them to. At my request, Ferdie Mount has produced an overview (Flag D), giving his assessment of the success of the operation.

Agree that we set up a meeting to take decisions on these recommendations? Should we have the Home Secretary, the Chancellor, Mr. Jenkin, Mr. Fowler and Mr. Tebbit, and perhaps this time also Sir Robert Armstrong, Mr. Gregson and Ferdie Mount? Would you wish to consider announcing these decisions as an "employment package", perhaps in the Budget?

MCS
After we have received Treasury comments

10 December 1982

Yes
mt.