

For Thursday's meeting

Prime Minister

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I showed these papers to Mr Sparrow, on a personal basis only.

Qa 06195

To: PRIME MINISTER

May he attend the Thursday 20 December 1982

From: JOHN SPARROW

Yes
me

meeting?

Unemployment

MS 20/12

1. I have seen Ministers' responses to you, following the meeting of 14 October at which you considered the CPRS checklist of measures on unemployment. I understand that you are to have a further meeting on Thursday and I hope very much that I may attend. Meanwhile, there are three points that I would like to make on the responses you have received.

2. First, I hope we can keep the Enterprise Allowance Scheme alive. It is probably the only one of the Special Employment Measures which aims to create real jobs: and they are real jobs in the small firms sector. The cost per job created may seem high at £2,850 but this figure assumes that none of the jobs created lasts more than a year! And in considering measures to create real jobs we should remember the sort of costs per job that we incur in investment aids or revenue support elsewhere. £3,000 a job would be regarded as very cheap in that league.

3. Secondly, the Chancellor's response on public expenditure implies that there is no room for changing priorities within existing spending programmes. Our view is that there is such scope, and that if Ministers were better informed about the employment consequences of different options it would have an impact on their decisions.

4. Finally, in our report we proposed that an unemployed person could be refused benefit if, after a period, he refused any job which provided a net income no worse than that from benefit. (At present he can refuse if the job pays less than the normal standard rate in the area for the job in question.) Our purpose was to create conditions under which employers - particularly small firms or even householders -

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could offer low paid jobs, especially to the young unemployed, and the unemployed would be given an incentive to accept them. The standard CBI response to this idea is negative, but that simply reflects the different attitudes of large employers and those that we have in mind.

5. I am sending a copy of this minute to Sir Robert Armstrong.

RB.

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