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Prime Minister

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PRIME MINISTER

UNEMPLOYMENT STRATEGY

Before the meeting of the Ministerial Sub-Committee on Economic Affairs, (E(A)), to discuss the Secretary of State for Employment's paper on the Annual Review of Special Employment Measures (E(A)(83)2) you are having a preliminary discussion with a smaller number of colleagues about unemployment strategy.

2. Your starting point might be the statement in the Manifesto (page 7) that unemployment ".....can be checked and then reduced only by steadily and patiently rebuilding the economy so that it produces the goods and services which people want to buy, at prices they can afford".
3. This requires a comprehensive and continuing programme of action under many different headings. The purpose of this meeting might be to identify the main headings and then to ask your colleagues to go away and consider what might be done under the various headings in preparation for your Chequers discussion on 6 September.
4. The headings might include the following:
 - i. Taxation
Can more be done to stimulate the creation and expansion of new enterprises?
 - ii. Burdens on industry and commerce
Have we done enough to eliminate unnecessary restrictions on the wealth-creating sector of the economy, for example building and environmental regulations and planning controls?

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iii. Barriers to employment

How quickly can we reduce the barriers to employment, for example the Wages Councils and some of the requirements in the Employment Protection Act?

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iv. Labour mobility

Can we do more to increase labour mobility between different employers (?pensions), different industries (?craft and union restrictions) and different parts of the country (?housing policy)?

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v. Union resistance to change

How best can the next stages of industrial relations reform contribute to reducing union power to obstruct change?

EmpL

vi. Training

How can the efforts of schools, higher education, the MSC and industry be best deployed to give workers and managers the skills they require?

EmpL / Edu

vii. New technology

Can the Government do more to assist industry to adapt to and exploit new technology?

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viii. Regional policy

Can the resources be better deployed to stimulate the creation of worthwhile and lasting jobs?

Ch

ix. Extending the market sector of the economy

What further progress can be made in the lifetime of this Parliament in privatisation, contracting out, and the opening up of the public sector to market forces?

Ch

x. Redefining the working population

Given that the new employment available is still likely to be less than the increase in the working population, how best can we adapt the size of the working population - by early retirement, by longer education and training for the young or both?

EmpL

Ch (iii) Public expenditure
(iv) Research & Development²

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5. All these are matters on which there has already been much study and in many areas considerable progress has already been made. Other items may be added to the list. Your main concern will be to give a new and more urgent impetus, placing over-riding priority on the need to expand the competitive and efficient wealth-creating sector of the economy.

6. You will probably find it convenient to place on individual Ministers the main task of coming back to you with constructive ideas under the various headings. In relation to the list in paragraph 4, the allocation might be as follows:

Taxe

Chancellor of the Exchequer

Items i., viii. and ix.

(NB he will shortly be submitting a further report on Regional Policy to you and will be consulting you on how to handle it)

Secretary of State for Trade and Industry

Items ii. and vii.

Secretary of State for Employment

Items iii., iv., v. and x.

Secretary of State for Education and Science

Item vi. (in consultation with the Secretary of State for Employment).

Some other Ministers, for example the Secretary of State for Energy and the Chancellor of the Duchy of Lancaster might be asked to make proposals on a personal basis.

7. You will need to consider whether you would like papers prepared and circulated on a personal basis in time for your Chequers discussion.

PLG

P L GREGSON

28 June 1983

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