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SECRETARY OF STATE FOR EMPLOYMENT
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CONFIDENTIAL

The Rt Hon Tom King MP
Secretary of State for Employment
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10 May 1985

COST EFFECTIVENESS OF PUBLIC EXPENDITURE MEASURES RELATED TO EMPLOYMENT

I have seen Peter Rees's and David Young's letters of 18 and 24 April respectively and also the letter of 26 April from the Prime Minister's Private Secretary.

I agree that the interdepartmental Manpower Group should consider the cost per job created of Departmental projects and industrial support programmes where the effect on jobs is advanced as a significant argument in their favour.

I do, however, think it important that:

- a. decisions on projects and programmes whose specific objectives are other than employment creation (or the reduction of unemployment) should be based on their specific objectives;
- b. the difficulty of comparing schemes not specifically designed to help employment and the cost of obtaining the necessary information, is fully recognised.

My officials, who are not represented on the Manpower Group will, of course, need to be consulted in advance and fully involved if any of my Department's programmes are proposed for evaluation.

Copies of this letter go to the Prime Minister, Leon Brittan, Keith Joseph, Michael Heseltine, George Younger, Nicholas Edwards, Patrick Jenkin, Norman Fowler, Norman Tebbit, Michael Jopling, Peter Rees, Nicholas Ridley, Douglas Hurd and David Young.

PETER WALKER

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