



CONFIDENTIAL

cc [initials]
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NBPM

AF 14/5

My ref:

Your ref:

13 May 1985

Dear Chief Secretary

COST EFFECTIVENESS OF PUBLIC EXPENDITURE MEASURES RELATED TO EMPLOYMENT

I have seen your letter of 18 April, David Young's letter of 24 April and the letter to your Private Secretary from the Prime Minister's Office dated 26 April.

I entirely appreciate the reasons for the proposal that job-creating effects of different programmes should be measured as far as possible on a consistent basis; and I have asked my officials to prepare a paper for the Manpower Group which will update the work on DOE expenditure programmes relevant to employment on which an interdepartmental group reported last August.

I must emphasise at the outset however that job creation is not the whole purpose of any of my programmes. They are directed primarily to other economic and social objectives. Some of them incidentally have very useful and important effects in creating jobs. But it would be wrong to seek to settle spending priorities between any of my programmes on the basis solely of the relative cost per job created, and still less to seek to evaluate them against other Departments' programmes on that basis alone. In the DOE area it is only one criterion of evaluation of spending programmes amongst several others.

I do not know how far the Manpower Group could or should take account of these wider considerations. But we shall certainly need to have them in mind when we come to look at their findings.

I am sending copies of this letter to the recipients of yours.

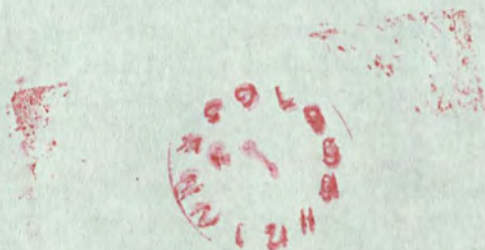
Yours sincerely

for [signature] AHDam

PATRICK JENKIN

Approved by the Secretary of State and signed in his absence

Econ. Pol. : Public Expenditure A 32



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