



SECRET

13.

P.01295

PRIME MINISTER

Employment seminar: 25 May 1984

Since there is already more than enough paper for Friday's seminar, this brief is confined to suggestions about how the discussion might be organised.

2. Those attending have already been warned to expect an agenda structured broadly as follows:

- i. Employment (Papers by Secretary of State for Employment)
 - a. Policies affecting the labour market and employment
 - b. Employment prospects.
- ii. Wider ownership (Paper by No 10 Policy Unit)
- iii. Other matters
 - a. Oral reports on matters outstanding from earlier meetings
 - b. Suggestions for new subjects for consideration in the autumn.

Depending on how the discussion goes, you may want to allocate the time roughly as follows:


SECRET

9.30 - 11.15 am	Employment
11.15 am - 12 noon	Wider ownership
12.00 noon - 12.30 pm	Other matters (with the emphasis on suggestions for new subjects).

Employment

3. It would probably be sensible to ask Mr King to introduce both his papers together. The paper on Employment Prospects is best seen as a background document to the paper on Labour Market and Employment Policies. In brief Mr King is saying:

i. Barring unexpected shocks, adult unemployment in three years' time might be expected to fall somewhere in the range 2½-3½ million; Mr King thinks it will be in the lower part of the range but acknowledges that it might be worse.

ii. The following action should now be taken:

a. A concerted public campaign "to make clearer to people the freedom that now exists for them to generate jobs whether for themselves or for others".

b. Some further measures to remove constraints on the labour market and to assist particularly the young and the long term unemployed.

(From the options listed in Annex 1 to his paper he favours particularly "passport for a job" and an extension of the Enterprise Allowance Scheme.)

SECRET



SECRET

c. Contingency planning for measures in early 1986, if trends appear unfavourable then, ie either an expansion of certain special employment measures or labour intensive publicly financed projects.

4. The discussion might be structured as follows:

i. the general strategy

is continuation of the Government's existing policies based on freeing the market - possibly supplemented at the margin and better presented - likely to produce acceptable levels of employment by the end of this Parliament?

is there in fact a viable alternative?
(Mr King implies that a "public works" alternative might have to be adopted in 1986; but the Government has so far avoided this because it could only be done at the expense of more borrowing or higher taxation and could not be relied on to produce more jobs overall)

ii. how best to reinforce the existing strategy

is the "public campaign" proposal right? and, if so, what should be its timing?

is it essential to the campaign to add some extra measures?

iii. what specific extra measures appear most promising?


SECRET

a. "Passport for a job"?

(Has the major earlier objection - the probable high deadweight - been answered?)

Is further discrimination in favour of young workers, which may merely deprive older workers of jobs, justified? What is required at this stage is a preliminary view on the merits, as a basis for further work to establish practicability, the relationship with the existing Young Workers' Scheme, and the detailed scope.)

b. Extension of Enterprise Allowance Scheme?

(If it is thought desirable to extend on a demand-led basis with the cost of perhaps £70-80 million a year, should this not be considered in the normal way as a bid in this autumn's Public Expenditure Survey?)

c. Other possibilities?

Should the employment protection legislation be further relaxed (as discussed in Annex 1 A14-16 or repealed?)

Is the action on relieving small firms of administrative burdens (Annex a E7 and E9) adequate?

Should more be done to relieve tax burdens on casual and part-time employment and clear up the black economy (Annex 1 A12)?

SECRET



SECRET

Is the action to improve educational standards (Annex 1 C3-5) adequate?

(Work on many of the other possibilities in Annex 1 is already in hand and will come to Ministerial Committees soon, eg the possible abolition of Wages Councils, the review of benefits, the new levels of regional grant and the assisted areas map, or is being separately considered, eg the next tranche of industrial relations legislation).

Wider ownership

5. The paper by the No 10 Policy Unit proposes that further stimulus should be given to the wider ownership policy by:

- encouraging more council house sales
- policies to associate people with their pension fund wealth more directly
- fiscal neutrality between savings mechanisms
- encouraging individuals to participate more in the City
- wider share ownership through privatisation.

6. You will want to invite the Secretary of State for the Environment to comment on what more could and should be done to foster council house sales. Has the Government gone as far as it reasonably can on the size of the discount

SECRET

SECRET

and the period during which the discount can be clawed back?

7. On fiscal neutrality, both in relation to pension schemes and to alternative methods of saving, you will wish to ask the Chancellor of the Exchequer to comment. What scope is there for going further down this path?

8. On wider share ownership generally, the policy issue for Government is whether there is legislative and regulatory action which would facilitate rather than impede the changes in the City which may make share ownership more accessible to individuals. On wider share ownership in the context of privatisation, there is already a major effort in train, especially in the context of the BT sale. Can any more be done? On both these matters you will want to seek comments particularly from the Chancellor of the Exchequer.

Other matters

9. It is doubtful whether there are any significant matters outstanding from earlier meetings which are not already being dealt with or come up in some form in the papers circulated for this meeting. Nevertheless it will do no harm to ask the participants whether there are any brief remarks they want to make about matters outstanding from earlier meetings.

10. The more important task for the last part of the meeting will be to invite suggestions for new subjects on which work might be done during the summer in preparation for the next major seminar - perhaps, as last year, in September at Chequers.

PLG

P L GREGSON

24 May 1984

6

SECRET