

*John Senior
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60/9

PRIME MINISTER

~~1. JR~~
~~2. CL~~

12/9/84

Industry and Employment Seminar

I have circulated the attached Agenda note for next Thursday's meeting. Several of the papers have still to come round but you might like to look at greater leisure at

- (i) the Policy Unit document - Flag A
- (ii) the paper on the effectiveness of employment-related expenditure programmes - Flag B. This is summarised in paragraphs 28 and 29 plus table 1.
- (iii) Mr King's paper on Increasing Employment through Deregulation - Flag C

(iv) Mr. Jenkin's notes on Unused Land and Dwellings in the Public Sector - Flag D. These are not formally on the agenda but it is helpful to know the state of play. It would be better for them to be considered at E(DL) on which MOD are represented.

Still to come are a note by the Chancellor on Wages and Unemployment plus a handling brief from Peter Gregson.

1 September 1984

Jobs
 Can't be conjured out of air
 Galt magic is the
 ruled book
 killed best of intention → Regional Policy rules
 take the rewards
 ever higher unit pay
 black market
 even like full-time
 playing 50 stop new
 destroy it

More to do - have its rest of BL,
 ships, energy.
 look @ young water - have a scheme -
 we drops, pricing back in
 got against in States, expanding
 inspire, non-restriction,
 so are getting more jobs.
 Need more jobs. do this by cutting
 through obstacles

hed up grant, big in bottle, conjuring
 magic,
 Build a barrier of very thin
 freedom, hard work,
 a Room of my own, a room with a view

TK: ho ben a problem. Foreign student problem

DM: 4TS bight down youth wages - £5 a wk.

PJ: long term bene of wealth creation etc justify these SEM progs

JR: Long term effects can be worse

PM: Couldn't we do something useful e.g. build a reservoir.

NT/PM why not include DTI progs? NT "too wide"

NL/NT are DTI good or bad schemes?

PM/PJ problem of capital on water meters → need too much PJ.

NL procedural → good idea

PM are we spending in best way?

NT Charge rules to get people off register.

TK 60/- off by paying ben in arrears

NT Can look @ DTI ones, DE quick effect but often no follow through, DTI L-km

PJ Urban refurbishment valuable as better environment.

NT But m/c tools created go on creating new jobs -

DM CP 1 in 5 go back to work. in Merseyside refurb our homes.

PM/Chanc bers for young pops too generous. - ho costs 100% covered: silly

NF Child additions on SB higher than Child benefit.

PM Univ stud go on SB in hols.

NF why is stud on ho ben? Picking up costs of other depts?

PM young teenagers go out - set up own ho then "cant afford to take a job"
You have wrongly decided that @ age 16 young pop no longer belong to a fam

NF Jan report of Reviews

PM Casira DOE LGS etc DTI
→ Nigel Vinton Dest Comm.

Maxt adopt Paper + its procedures. Not ^{only} on a 1st yr basis: show

NT other effects. → Remember 1st yr cost + ben only one you can identify
e 2nd + 3rd yr effects.

Treas Paper on Wages/Jobs

KJ G. Chander to set up Committees → private money for educational
Campaign on wages/jobs.

PM Good Paper. Used to seeing wages divorced from output - customers.

NL wages heart of the problem
PM smaller public sector better paid → dilemma here.

Industry and Employment Seminar: 13 September

PM → gap between scientists & industry with new ideas. Agenda

1. Report on recent developments in the labour market

To be raised orally by Secretary of State for Employment.

2. Expenditure Programmes Relevant to Employment

Papers

- Paper attached to David Peretz's letter of 10 August to David Normington

- Replies from DEmp (17/8) and DTI (30/8)

Issues

(i) Does the Group agree with the analysis of the paper?

(ii) What policy conclusions should be drawn?

(iii) Are any adjustments between expenditure programmes called for?

3. Relationships between wages and unemployment

Papers

- Minute from Secretary of State for Education and Science to Prime Minister (8/8)

- Note from the Treasury discussing evidence on link between wages and employment. To be circulated next week.

Big gr in part time.
David Tupper initiative
PM must do more to deregulate

Unit wage costs getting worse v. competition
Even leading to a big issue -
The skill rising & more
more demog. & registering -
PM is there a register of
challenges of lab?

NL - pro the paper
AC - pro training in SEmp measures
DY pro Ent Allowance & Youth training.
DY → US food stamps no benefit brings wages down.
TK - benefit problem

NL: Wages Councils major impediment No-tech jobs.

30% priv service sector under Wages Co. + Employ Prot Act.

Product markets need dereg & competition to keep wages down →
Monopolies cause high wages.

NT/PM Jobs in new states in US, destroyed in Union dominated areas - same happening here.

PJ Not low pay → its low wage unit costs, customer sensibility etc. need a positive message.

NL/NE Not an absolute reduction in wages, lets growth.

TK etc all in favour of Treas paper.

Passport for a Job

TK is feasible

target shd be a diff gp from YTS

Age 18-25
or Small Bus
etc

→ decided 18-20.

up to £50 a wk.

Wages Councils v. damaging to young people.

PM

shd be a young pop stop on buses → no more than in last job or something like that.

NT

hard care of nice youngsters thrown out by vicious parents.
hard cases make bad law.

NE

→ May need Spec Claims officers to deal with these
2m spec pay too complex.

AC

happy re YTS

Must get them out of system altogether.
Must have gap between SB & Passport.
Must have big enough figure as adult rates 18-20.

Chare

problems in insurance
cost difficult.

PM/Chare etc

Chare etc exemption from V tax.

Issues

- (i) How well is link established?
- (ii) What can Government do to improve understanding of it? (see also Item 5)
- (iii) How can Government avoid accusation that it seeks a low wage economy. *answer*

4. Passport for a Job

Papers

- Note to be circulated by Secretary of State for Employment

5. Getting Across the Government's Approach on Employment

Papers

Draft Discussion Paper by No.10 Policy Unit

Issues

- (i) Have the elements of the Government's approach to be creation of jobs been correctly identified?
- (ii) Should theme that removal of restrictions and protections will benefit the "have-nots" be stressed?
- (iii) Is a discussion document/Green Paper the best medium?
- (iv) If not how can Government's message be got across? A programme of speeches? Government publications?
- (v) What measures and policy initiatives should the

AC too many people paying V tax.

PW bur. in certs etc dangerous
Union with bank this.
do not experiment.

TK wld have to get them out of Revenue

PM lower PE, Indirect tax, lower bens

£5 bn for tax thresholds

Chare win arg - generally deregulate.

DM

UWS leave alone, will get better. is a follow on from
UTS.

TK do this taking into a/c the args.

PM TK/D Tuppier dereg package.

NT Many licenses crazy.

Home Office stopping people running radio stations includ Radio Scargill.
Cld have more wavelengths.

PM follow up Tuppier.

TK More work agreed

PM Bow 9p type of doc.

TK Need something clear to say
Need suggests in it.

Spring offensive

draw on this & Treasury paper to produce

Spring White Paper.

PM

See Keynes W. Paper 1944 Employment Policy
have to be as good as this.

NL

Neddy where are the jobs coming from?

DM

do have to win argument re min wages, other obstacles

PM

We hem down everything.

NL need to know what
we want 1st.

KJ

We need to challenge TUC re jobs

TK

Campaign

PM

each dept head needs to look @ reguls.

Government take over the next year?

6. Background Papers

- (i) Checklist and Conclusions from 25 May meeting - attached to Andrew Turnbull's letter of 29 May.
- (ii) Papers circulated by Secretary of State for Employment for 25 May meeting - attached to Andrew Turnbull's letter of 18 May.
- (iii) Notes to be circulated by Secretary of State for the Environment
 - (a) Public Sector Vacant Dwellings
 - (b) Vacant Under-used Land in the Public Sector.

SECRET AND PERSONAL: CMO

NT raise question Who's to blame for Unle?
Not full blame of govt.

Must not undermine non culpability of govt.
lets do survey of people's views? what do they think?
e.g. re EPA/wages courts.

PM Raise question 1st.

~~PM~~

PM DM/TK/NT get together on this

NT Where are we going & how do we get there?

PW Against papers.
harness non-politicians

PM Party of future with pols for future
PW TUs - have their exploitation of power to get wages = less E.
Jack Jones / Hugh Scarlon started it.

NL Yes poll.
also re soc sec benefits.
Tommy Thompson. Unions to blame for Unle.

NF At last election many supplanting joint re Unle.
need a document, need a debate
otherwise will lose to spenders.

~~DM~~ PM to provide specific items, job creation section.

TK Not suddenly found all answers, but cant wash our
hands of it.

PM Must have a programme. Slowness of planning.

DM Removing barriers PM "I always wanted to
build a business."

NL Paperstone please.

~~DM~~ PM - DM to do building a barriers
Find the language.

- need a paper on planning.

PS Law - DM to follow up. PM Must have a discussion doc.
Show we're constructive.