



NPO

bc John Redwood

10 DOWNING STREET

SECRET

19 November 1984

From the Private Secretary

Dear David,

EMPLOYMENT EXERCISE

The Prime Minister has seen your Secretary of State's minute of 15 November reporting on progress towards a Government document on Employment and Unemployment. She has noted the ideas in paragraph three which the Group has been considering and has suggested that a campaign to urge companies to take on young persons under the Young Workers' Scheme be added to them.

Given the state of play on the various components of this exercise, the Prime Minister does not believe that a meeting before Christmas would be appropriate. She has asked, however, that a timetable be set for the remaining work which would allow all the main options to go into the package of measures to be evaluated before Christmas so that a draft document can be ready for discussion in early January.

I am copying this letter to David Peretz (H.M. Treasury), Callum McCarthy (Department of Trade and Industry), Steve Godber (DHSS), Elizabeth Hodgkinson (Department of Education and Science), Leigh Lewis (Office of the Minister Without Portfolio), Edmund Hosker (Mr. Lamont's Office), DTI, and to Richard Hatfield (Cabinet Office).

Yours sincerely
Andrew Turnbull

ANDREW TURNBULL

David Normington, Esq.,
Department of Employment.

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PRIME MINISTER

EMPLOYMENT EXERCISE

1 As you know, a small group including David Young, Norman Lamont and John Redwood is now preparing under my chairmanship a document on our approach to employment and unemployment. You asked me to report progress. —————

2 We are agreed on the nature of the document, and work is proceeding. Broadly it must try to meet the concern in the country and the Party about employment issues. We shall:

- analyse the nature of the country's employment and unemployment problem, including comparison with overseas experience;
- explain what we as a Government have done and are continuing to do to create conditions in which employment can flourish, and to deal with some of the worst problems of unemployment;
- explain why many of the alternative approaches put forward by those outside Government are misconceived and unacceptable; and
- consider what more we could or should be doing.



3 Three ideas for further consideration have emerged from our work so far. First, the Policy Unit have suggested that we

① re-examine a major "benefit plus" scheme. I have asked the interdepartmental official Manpower Group to look at this immediately and to report back as quickly as possible.

Secondly, I have asked for a brief information note of the employment effects of possible recastings of National

② Insurance contributions. If the outcome of this indicates further consideration, I shall take this up with Nigel Lawson and Norman Fowler. Thirdly, we are considering whether there

③ would be merit in any further measures targetted on the long-term unemployed. However, recent work has confirmed that existing measures are the most cost-effective way of making an impact on unemployment, and our further deliberations will keep this firmly in mind.

④ Campaign to urge *reservists to take on a young person under the Young Workers Scheme.*

4 I intend that a draft of the document should be ready for colleagues' consideration early in the new year, so that they can see the framework we are proposing.

5 There are of course several other initiatives with implications for employment which will come to a head over the next few months. These include the scrutiny of administrative and legislative burdens on industry; Norman Fowler's reviews

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of social security; David Young's enterprise studies of the 14-18 year olds, and of small firms; and my own policies on Wages Councils and employment protection and "Passport for a Job". Other continuing policies such as the competition initiative are also relevant. Some of this work will not be completed until early in the new year and the preparation of our preliminary draft will need to take this into account. However, I do not propose to delay our work, and the draft we circulate to colleagues will, where appropriate, leave gaps to be filled in as other work reaches agreed conclusions.

6 We have for the moment left aside the question of publication, but I hope that we can move towards some kind of published document. It is clear from the Conference and recent debates that pressures are increasing over the whole issue of unemployment, which is now the most significant of domestic political issues. A clear statement of the Government's concern and policies could do much to alleviate this, by bringing together the employment aspects of our current and continuing policies, and also provide a framework within which the decisions emerging from other initiatives could be set out as they affect employment.

7 At the same time, a published document would have to be convincing and it would therefore be right to defer final decision on publication until we see what emerges from my own exercise and the other initiatives.

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8 I am sending copies of this minute to David Young and Norman Lamont who have been working with me on this exercise and to Nigel Lawson, Norman Tebbit, Norman Fowler, Keith Joseph and Sir Robert Armstrong.

A handwritten signature in black ink, consisting of a large, stylized initial 'T' followed by a smaller 'K' and a period.

T K

15th November 1984

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COMMISSION

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