



Prime Minister

SPEECH TO 1922 COMMITTEE

I promised to let you have some notes that might be helpful to you in deciding what you wish to say to the backbenchers tomorrow about employment and unemployment.

In my view there are five key points:

- (i) To make clear that you are absolutely aware of the degree of concern that they feel about unemployment.
- (ii) To reaffirm that the central plank in employment policy must be a strong and expanding economy.
- (iii) The wide range of measures that we have already taken to help create more jobs through training and other special employment measures.
- (iv) Fiscal measures to encourage employment.
- (v) Your determination that we should continue to work to develop our plans in every cost-effective way to encourage employment.

Sound and Expanding Economy

Inflation under 5 per cent has now led to record investment levels.

Autumn Statement showing firm public expenditure control led to immediate reduction in interest rates, and possibility of further reductions in the months ahead.



Employment and Training Measures to Encourage more Jobs

Success of YTS.

Proposed doubling of places on adult training.

Increase of Enterprise Allowance Scheme.

Changes in industrial relations and employment law.

£2 billion going into employment and training measures like YTS, Community Programme and Enterprise Allowance Scheme.

Fiscal Measures to Encourage Employment

NIS abolition.

Raising of tax thresholds to reduce unemployment.

Substantial public investment already in infrastructure (hospitals, roads, sewers, railway electrification).

Further Developments

Tom King has confirmed further programme of work to help stimulate more jobs, and ease transition period with help for unemployed.

David Young is working on particular aspects of job creation.

The key question is what you say about the future, and whether you should go on to say anything further than the reference to my and David's work.

You mentioned yesterday your concern not to raise expectations too high. The problem is to strike a balance between the



impression that we are doing nothing and that therefore we don't care, and the other extreme that the impression is given of some major change of course.

I therefore think that you should stick at the reference to the further work that I and David are doing coupled of course with the significance for employment of Nigel's work on tax thresholds.

T K

12th December 1984

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