

JOBS SEMINAR: 14 JANUARY

At the seminar, Ministers will need to discuss four major issues:

1. The Treatment of 16 to 18 year olds

The Government is already virtually committed to removing supplementary benefit for 16 to 18 year olds, and to extending the YTS. The extension of YTS will, of course, cost a considerable amount. But the indications are that, if employers can be induced to take on a slightly greater share of the cost, most of the remainder can be met out of the abolition of supplementary benefit. We therefore support both measures.

It is much less clear whether any change should be made in national insurance contributions for 16 to 18 year olds. The cost of such a change would be high and the idea will probably be opposed both by the Chancellor and by Norman Fowler. We suggest that you should not press it.

2. Changing National Insurance Contributions for Employers

Both the Treasury and DHSS now seem willing to contemplate changing the rates of employer contribution, so that it is more attractive to employ people on low wages. Tom King is also in favour of the idea. The change would be revenue neutral, and might well generate tens of thousands of new lower paid jobs. This is the cheap and easy way of answering criticisms from Layard and the SDP without adopting their grand designs. We recommend the idea.

3. Expanding the Special Employment Measures

Tom King's draft paper outlines a series of ways in which several hundred thousand additional people could be taken

off the register at a net cost of roughly £500 million. The Chancellor would no doubt prefer to keep the money for tax cuts. But we believe that expansion of the special employment measures is vital: otherwise, there will be no rapid decrease in the unemployment figures and the Government will appear hard-hearted. The result will be increased pressure for unnecessary capital investment programmes which cost far more and have much less effect on the unemployment count. Moreover, changing the rules and shape of the community programme as Tom King suggests can itself exert useful downward pressure on pay, and offer the long-term unemployed the chance of doing morale-boosting work.

4. 'Passport for a Job'

Tom King has now had ample opportunity to study the passport proposal, and he recommends a pilot project. We believe that such a project would do no harm and might point the way to very important changes. If the passport scheme were aimed at small businesses and individual employers, it would offer them an opportunity to break free from a series of cumbersome and damaging regulations. This must be worth trying.

TIMING AND PRESENTATION

Norman Tebbit has written a sensible page of caution about the tone of Tom King's draft document. There will need to be substantial redrafting in due course, for which outside help may well be needed. But time is now short: all the ideas have been debated for months, and there is no sense in referring them for further consideration. The seminar should reach clear conclusions, so that the Chancellor, Norman Fowler, Tom King and David Young can all be given a firm and consistent steer.

If the seminar agrees to all the proposals, Tom King will have sufficient material out of which to make a good paper. If H and E(A) committees also decide in favour of changes on employment protection, wages councils, shop hours and the private rented sector, and if Norman Fowler's reviews and the Chancellor's budget both live up to expectations, the Government will be in a position to announce - and will be seen to have - a powerful and coherent programme for tackling unemployment. The seminar needs to decide how this programme will be presented. There are two principle issues:

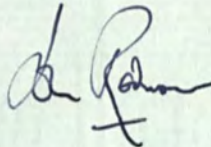
- i. Timing. Norman Tebbit's fears about the timing and relationship of the proposed measures in relation to PESC reflect fears that his Department might be squeezed to pay for them. You may wish to reassure him on this point. The groups of measures have to be self-financing and related to one another. It will be necessary to coordinate the budget, the announcement of the social security reviews, the release of Tom King's document, and the public report for Misc 107. It is essential that all these should occur close to one another, so that the press sees the unity of the programme. But the announcement should be properly spaced out over at least two or three weeks, so that the impact is sustained. You may also want to draw the whole series together by holding a press conference of your own, with all the relevant Ministers present, at the end of the sequence.

- ii. Interconnections. Since each of the announcements is related to all of the others, it will be important to ensure that each Minister says enough, but not too much, about what the others are doing. You may wish to establish the principle that announcements early in the sequence should herald,

A good case can be made for precisely the opposite approach ie consolidating as much as possible into one announcement

but should not explain in detail, the measures that will be taken by Ministers later in the sequence.

It would be a great pity if the seminar failed to reach conclusions either on the four major substantive points or on the crucial issues of timing and presentation. There will be few other opportunities to discuss these matters. It is therefore important to ensure that the meeting does not turn into a drafting session for Tom King's paper: drafting by committee will make the paper worse, not better. The drafting needs to be done by some first-rate stylist, after the substantive issues and the overall scheme of presentation have been firmly settled, and after sufficient measures have been chosen to give everyone involved a suitable product to sell.



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