



10 DOWNING STREET

Prime Minister

You wanted a copy  
of this. The numbers have  
not been revised since the Budget  
but the pattern is not likely  
to change.

FERB

16.3.

Handwritten: *Handwritten: JOKER 171.5 p.p.m. 1982.*

Prime Minister

APPROXIMATE PROSPECTED PATHS FOR THE RPI & UNEMPLOYMENT IN 1983

RETAIL PRICES				UK UNEMPLOYMENT: WIDE, HEADLINE Df. inc. school leave		
	Level	% Change on a Year earlier		Level (000s)	Change on previous month (000s)	
			*			
1982 OCT	324.5	6.8				
NOV.	326.1	6.3				
DEC.	325.7	5.5	21/1	3,100	6/1	
1983 JAN	327.3	5.4	11/2	3,150	3/2	51
FEB	328.8	5.8	18/3	3,150	3/3	- 1
MAR	331.1	5.6	22/4	3,100	31/3	-45
APR	336.5	5.3	20/5	3,100	6/5	- 1
MAY	337.9	4.9	17/6	3,060	3/6	-39
JUN	339.3	5.1	15/7	3,010	30/6 <sup>†</sup>	-54
JUL	339.8	5.2	12/8	3,090	4/8 <sup>†</sup>	+85
AUG	341.2	5.6	16/9	3,140	2/9 <sup>†</sup>	+47
SEP	342.2	6.0	14/10	3,290	29/9 <sup>†</sup>	+149
OCT	344.1	6.1	11/11	3,170	3/11 <sup>†</sup>	-119
NOV	345.9	6.1	16/12	3,190	1/12 <sup>†</sup>	+19
DEC	347.5	6.7		3,190	5/1 <sup>†</sup>	+ 4
				UNEMPLOYMENT, NARROW Df. seasonally adjusted		
1982 Q4	325.4	6.2		2,910		
1983 Q1	329.0	5.6		2,990		
Q2	337.9	5.1		3,040		
Q3	341.1	5.6		3,080		
Q4	345.8	6.3		3,110		

N.B.

Key assumptions

Prices: Sterling stands at effective 80, no change in mortgage interest rate, revalorisation of indirects in Budget, 7% earnings increase in current wage round.

Unemployment. Monthly path interpolated from quarterly forecast of totals on new count system. Includes effect of job-creation measures.

[\*: Release Dates, as so far known.]

† Could shift by 2 days earlier in each case



SECRET AND PERSONAL



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<sup>2</sup>  
Prime Minister

RPI forecast

to follow.

MUS 30/3

30 March 1983

Michael Scholar Esq  
Private Secretary  
10 Downing Street  
LONDON SW1

Dear Michael

... I attach predictions of unemployment over the years ahead, as I promised you yesterday.

Two predictions are made, first assuming no change in the underlying rise of unemployment and second assuming a mild reduction in the underlying rise. While the underlying trend is the important thing for most informed commentators on the unemployment statistics, you will see that it is not the only factor affecting the headline total of unemployment over the year ahead.

Other important factors affecting the headline total are the Budget measures to take older people of the unemployment register (column 8 shows that pulling down the unemployment register by 130,000 in September), the seasonal falls in the summer (column 5 shows a seasonal fall of 177,000 in July tailing off in the autumn) and the effect of our special measures.

These last effects are examined more closely in the annexes. We are particularly uncertain about the rate of take-up of YTS and the Community Programme. The prediction given here (an extra 78,000 by September over January) is perhaps on the optimistic side.

Note that in June, July and August school leavers are not entitled to benefit and will not be counted with the unemployed, but there will be a special count which the media will certainly add to the unemployment count. Summer school-leavers will be able to register for benefit in September, and that will make a jump of 135,000 in the headline total.

Yours sincerely

Bernard Shaw

J B SHAW  
Principal Private Secretary

SECRET AND PERSONAL

## CONFIDENTIAL

## PATTERN OF UNITED KINGDOM UNEMPLOYMENT UNDER VARIOUS ASSUMPTIONS

	1	2	3	4	5	6	7	8	9	10	THOUSANDS	
	Seasonally adjusted ex. school leavers				Estimated seasonal element	Estimated school leavers claimants	Estimated school leavers non-claimants	Estimated effect of base release	Total recorded (4)		Total including non-claimant school leavers	
	PATH A	(month change)	PATH B	(month change)		①	②	③	PATH A	PATH B	PATH A	PATH B
1983												
Feb	3,000	+18	3,000	+18	75	124	-	-	3,199	3,199		
Mar	3,025	+25	3,025	+25	35	110	-	-	3,170	3,170		
Apr	3,050	+25	3,045	+20	14	125	-	-10	3,179	3,174		
May	3,075	+25	3,060	+15	-45	115	-	-90	3,055	3,040		
June	3,100	+25	3,070	+10	-102	110	140	-90	3,018	<del>2,958</del>	3,158	3,128
July	3,125	+25	3,080	+10	-57	110	215	-120	3,058	3,013	3,273	3,228
Aug	3,150	+25	3,090	+10	-35	115	215	-130	3,100	3,040	3,315	3,255
Sep	3,175	+25	3,100	+10	-2	250	-	-130	3,293	3,218		
Oct	3,200	+25	3,110	+10	-13	185	-	-130	3,242	3,152		
Nov	3,225	+25	3,120	+10	8	125	-	-130	3,228	3,123		
Dec	3,250	+25	3,130	+10	17	70	-	-130	3,207	3,087		
1984												
Jan	3,275	+25	3,140	+10	104	45	-	-130	3,294	3,159		
Feb	3,300	+25	3,150	+10	75	30	-	-130	3,275	3,125		
Mar	3,325	+25	3,160	+10	35	30	-	-130	3,260	3,095		

Notes

- ① Included in recorded total  
 ② Special count made in June, July and August. Not included in recorded total  
 ③ Measures affecting older unemployed men announced in the Budget. Numbers removed from recorded total.  
 ④ Excluding non-claimant school leavers.



## CONFIDENTIAL

ANNEX A

SPECIAL EMPLOYMENT AND TRAINING MEASURES:  
EFFECT ON UNEMPLOYMENT COUNT  
(EXCLUDING YOP/YTS)

THOUSANDS

	JOB RELEASE SCHEME (1)	COMMUNITY PROGRAMME (2)	OTHERS (3)	TOTAL excl. YOP/YTS
1983				
Apr	76	56	32	163
May	77	79	30	186
June	79	93	30	201
July	80	105	31	216
Aug	81	115	31	228
Sept	83	121	32	236
Oct	85	121	34	240
Nov	90	121	35	246
Dec	93	121	37	251
1984				
Jan	97	121	36	254
Feb	100	121	35	256
Mar	104	121	34	258

## Notes

- (1) Growth from October due to the introduction of the new part-time JRS
- (2) MSC projections indicate an effect of 56 thousand from March, compared with 35 thousand in February. As this change uptake is optimistic the MSC estimates have been lagged one month.
- (3) Other schemes include TSWCS, YWS, Job splitting, Enterprise Allowance and Community Industry.

## ANNEX B

THOUSANDS

	EFFECT ON UNEMPLOYMENT COUNT 1983/84 YOP/YTS (1)(2)	1982/83 YOP	UNEMPLOYED CLAIMANT SCHOOL LEAVERS 1982/83	(3) 1983/84
Apr	168	155	87	125
May	151	145	105	115
Jun	148	164	99 (219)	110 (250)
Jul	149	167	99 (296)	110 (325)
Aug	157	174	103 (296)	115 (325)
Sep	197	230	204	250
Oct	241	241	174	185
Nov	274	238	148	125
Dec	288	217	131	70
Jan	307	215	138	45
Feb	322	217	124	30
Mar	325	196	110 (e)	30

## Notes

- (1) MSC projections indicate a total of 465,000 YTS places by March 1984 with an effect of 350,000 on the unemployment count. The above projections assume 400,000 YTS places by March 1984 with an effect of 325,000 on the unemployment count.
- (2) Excludes some YTS supervisors.
- (3) Figures in brackets include special count of non-claimant school leavers (undertaken in June, July and August).