

1 PAPER 16



SECRET AND PERSONAL

Prime Minister

Do you wish to

pursue this, with

the colleagues at A?

PRIME MINISTER

A PASSPORT FOR A JOB

Would Alan look at it first. We should need to work out what could happen if the employee were to be released at 18.

There is, I believe, a large unsatisfied demand for relatively unskilled low paid work while at the same time there is high unemployment. The failure to match the two reflects an unrealistic demand price, the poverty trap and the reluctance of employers - particularly private employers - to get involved in the bureaucracy which goes with employing someone. The problem is particularly acute with the young unemployed. This is an attempt to cut through the knot:

- Age below 18
- Pay not more than £45 a week
- No income tax
- No national insurance
- No employee "protection"

The young worker would be issued with a passport. He would simply lodge it with the employer, who would hold it as his authority to employ the worker without deducting tax or national insurance contributions.

Neither employer or employee would come into contact with the bureaucracy once the passport was issued. There would be no forms, no returns, no anything.

The passport would have a prominent date of expiry printed on it. Once this date was passed there would be an obligation on the employer if he retained the worker to put him back into the system.

There is experience in the use of a passport system of this kind for building workers on the lump.

It will, I know, be argued that the employer will hire a succession of young people, firing them immediately they attain 18. This is bound to happen. But the reason it happens is that it is not economic to employ someone on the standard terms applying to those over 18. If we were to reject the scheme on this argument we would be sacrificing a job opportunity for a 16 or 17 year old in an attempt to preserve a non-existent and uneconomic job.

I am sending copies of this minute, on a strictly personal basis, to the Chancellor of the Exchequer and the Secretaries of State for Education and Science, for Employment, for Trade and Industry and for Energy.

A.C.  
COCKFIELD

1 July 1983

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