

→ Norgrove No 10

Reference

David for P & S

We spoke yesterday about the possibility of a meeting with Dr Fowler. I attach a short note making the main points. Please let me know if it's not dear.

J MacAuley
30/9/87

DE MEASURES AND UNEMPLOYMENT

-Unemployment has fallen by an average of 40,000/month over last 6 months; primarily reflects employment growth of about 30,000/month, but growth of DE measures has also played a role (impossible to quantify)

-impact of DE measures will continue to grow—by perhaps 200-250,000 over next 18 months, an average of 10-15,000 a month (due to build up of new Job Training Scheme, withdrawal of income support from 16-17 year olds, more use of benefit sanctions for those refusing places on schemes)

-savings proposals in Survey only make small dent in this growth: abolition of Job Release Scheme might reduce growth by 1,000 a month at peak; other proposals no more than 500/month

-don't confuse monthly figures with annual ones. Unemployment falling by 40,000 a month, employment growing by 30,000 a month. 20,000 effect from Job Release Scheme is over 3 years, worth only 1,000 a month at peak

-real impact of DE measures is less than these short term figures suggest: measures also impose costs on rest of economy, which lead to employment losses. Restraining public spending essential for financial stability and for tax cuts, which create conditions for real and sustained employment growth